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NOVEMBER 13, 1989

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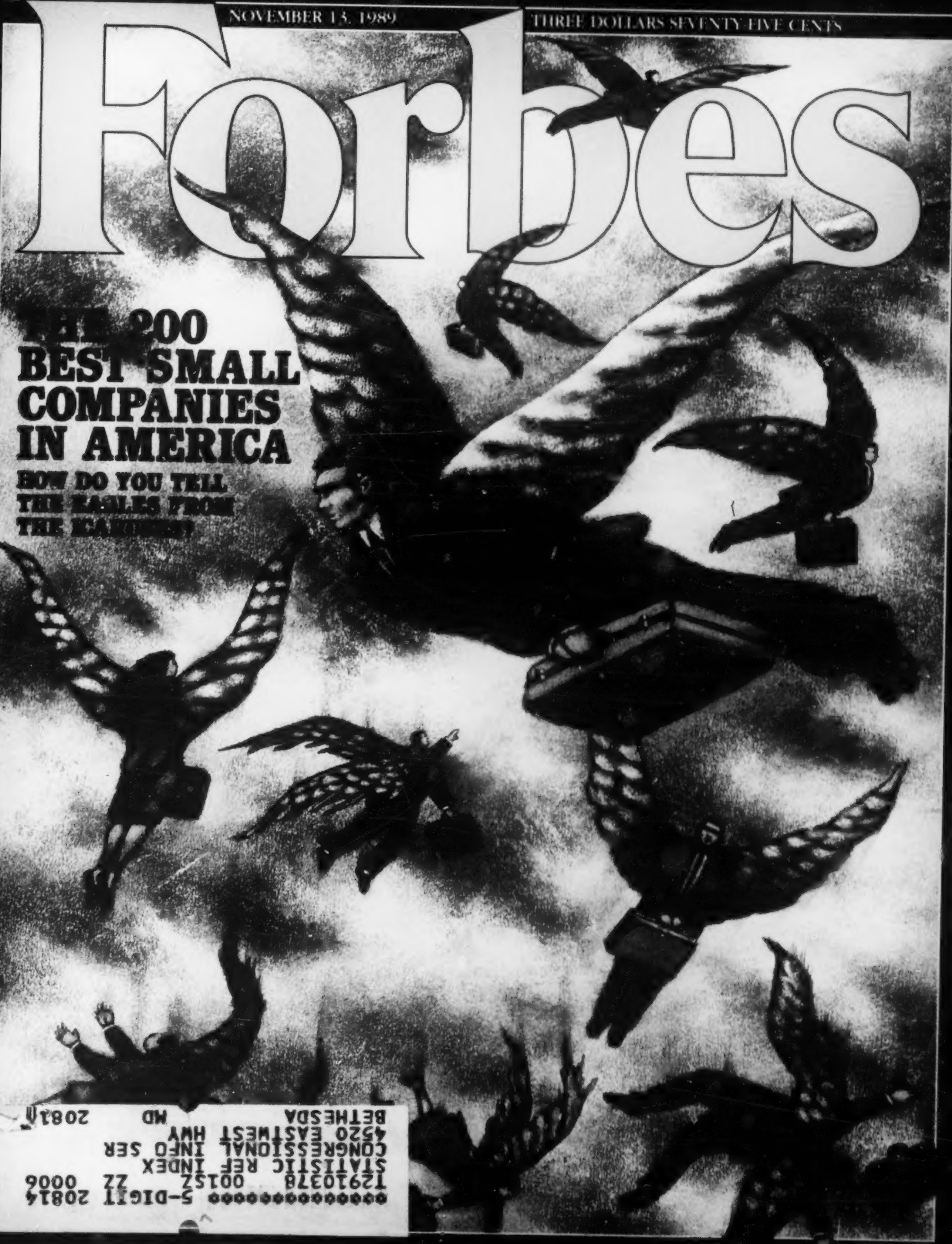

THE 200 BEST SMALL COMPANIES IN AMERICA

HOW DO YOU TELL THE EAGLES FROM THE ICARUSES?

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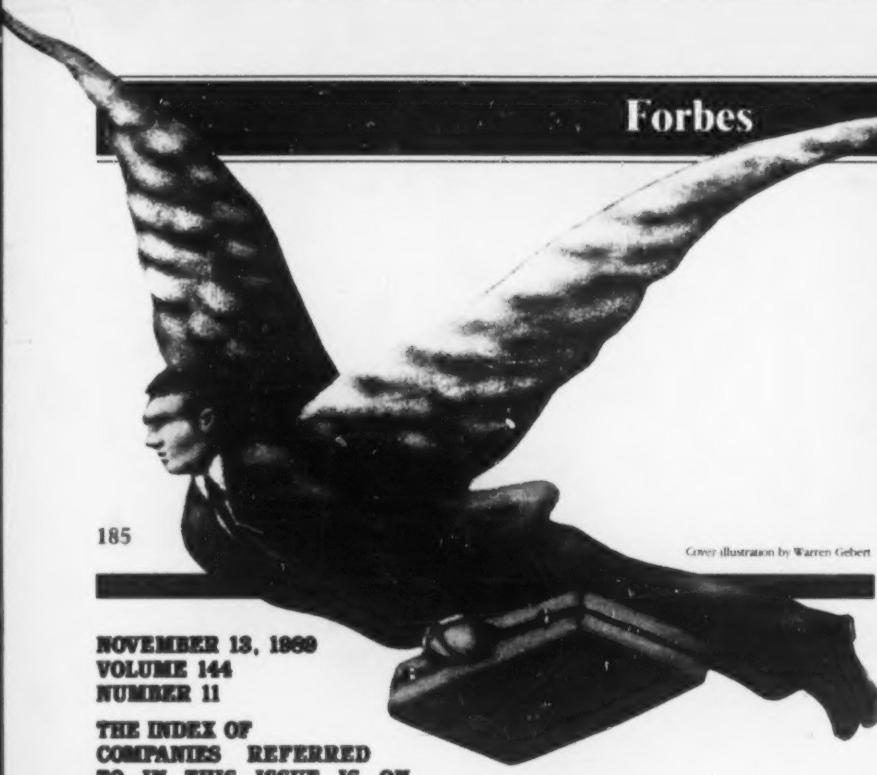

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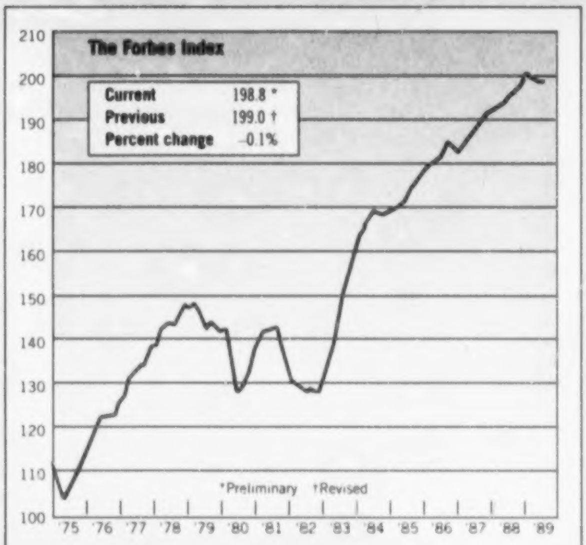
The Forbes Index



A quiet recession? Corporate earnings are still strong, but the overall economy seems to be in the midst of a slight downturn. The preliminary Forbes Index for September is down again, off 0.1%. That puts the Index down in five out of the first nine months of 1989. New housing starts, 110,000 in September, are 16% below the September 1988 figure. New unemployment claims edged up 1.2% from August. Prices, meanwhile, are seesawing. Following no change in both July and August, the latest producer price index was up 0.9% in September. But at the retail level, the Consumer Price Index was up a more modest 0.3%. The immediate outlook remains hazy.

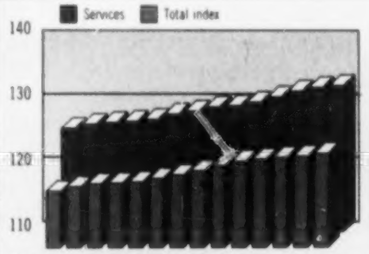
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.5%
Auto sales[1] year to date vs. 1988	Ward's Automotive	−3.0%
Index of leading indicators August vs. July	Dept. of Commerce	0.3%
Trade balance last 12 months	Dept. of Commerce	−$112 bil
Producer price index[2] September vs. 1988	Dept. of Labor	4.5%
GNP 2nd quarter vs. 1st—annualized growth	Dept. of Commerce	2.5%

[1] U.S. based manufacturers only as of 10/10/89. [2] Finished goods.

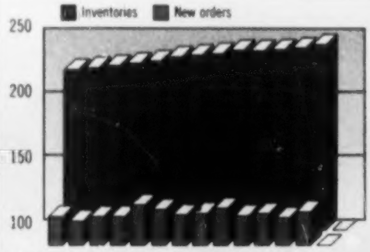
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

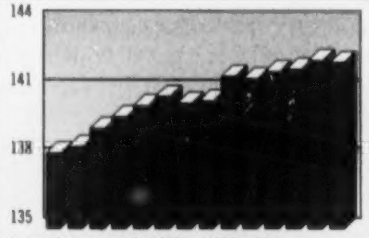
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



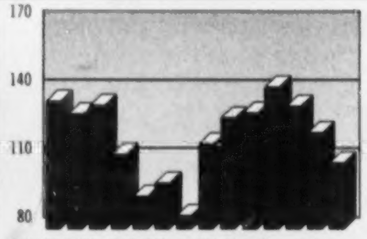
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



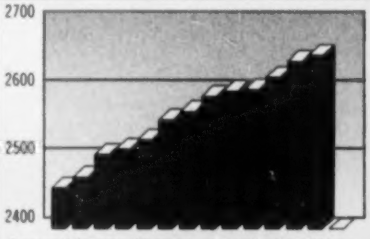
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



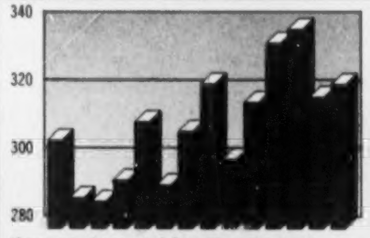
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



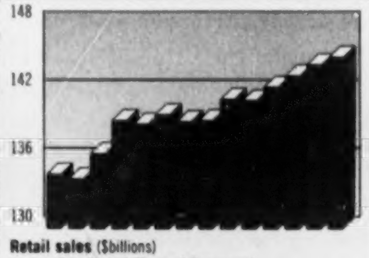
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



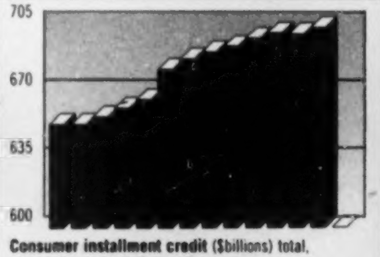
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



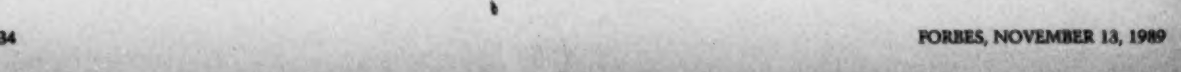
New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



Several companies from our Up & Comers class of 1979 have matured beautifully. Others have gone bust.

How to tell an eagle from an Icarus

By Fleming Meeks,
Steven Ramos
and Christopher Palmeri

If the world of America's small businesses were an aviary, colleges of owls and a handful of eagles would gaze down from the upper perches onto flocks of sparrows and turkeys. Below them would be a lot of dead birds including (to mix the metaphor slightly) a number of Icaruses: creatures who soared briefly, and then crashed and burned.

A great deal can happen to a small company in ten years, especially the last ten. Inflation, high interest rates and new technologies have wiped out thousands of once high-flying companies whose managements failed to adapt quickly enough to change.

How have our Up & Comers made out over the years? To find out, we've taken the top 100 companies from the Up & Comers class of 1979, the first year we published such a list *(Nov. 12, 1979)*. The good news: An investment of $10,000 in each of those 100 companies—$1 million in all—in 1979 would be worth $4.8 million today, a compound annual rate of 17%. The same amount invested in the Standard & Poor's 500 would be worth $3.2 million.

Not that all 100 were eagles. Over half were turkeys and worse. Of the 100, 20 are worth less today, including 4 that filed for Chapter 11 or liquidated. Another 34 underperformed the S&P. But the other 46 more than made up for the losers.

The biggest winner was Miami-based Key Pharmaceuticals, which topped our list in 1979 and which was merged into Schering-Plough Corp. in 1986: A $10,000 investment in Key in 1979 would now be worth almost $540,000. (With Key and others that merged for stock, we have assumed in the table below that investors retained the new parent's stock; in cash deals, we assume the cash was reinvested in the S&P 500.)

Another big winner was Neutrogena Corp., the Los Angeles-based specialty soap and shampoo company; a $10,000 investment in its stock would now be worth $286,000.

And the Icaruses? Kratos, a manufacturer of precision instruments based in La Jolla, Calif., had grown steadily throughout the Seventies through acquisition but bit off more than it could chew in 1982 when it borrowed $65 million to buy Keuffel & Esser, a maker of drafting equipment. The acquisition took Kratos from being almost debt-free to having a debt-to-equity ratio of nearly 4-to-1. Readers may remember our story "Betting the company" *(Mar. 1, 1982)* about the acquisition. It was a bad bet. Kratos cratered and was liquidated four years later.

Another member of the class, CPT Corp. of Eden Prairie, Minn., is still hanging on as an independent public company. But just barely. Its stock has fallen from a split-adjusted $9 a share in 1979 to about 50 cents. Ten years ago CPT was the number three manufacturer of word processors (after IBM and Wang), a bad place to be on the eve of the introduction of personal computers. In 1983 the company shifted its focus from word processors to computer workstations—another highly competitive market where it has failed to make a significant dent. And in 1988 CPT jumped into the already crowded market for image processors, which transfer documents into digital images. Says an optimistic CPT spokesman: "You'll be hearing a lot more from us." But don't count on

Class of 1979 revisited

The past decade was a tough but rewarding one for many of the top 100 companies on our 1979 list of Up & Comers. While only 46 outperformed the S&P 500 over that ten-year period, the group as a whole outperformed the market by 73%.

Company	Value of $10,000 invested 11/30/79	Status
Key Pharmaceuticals	$539,418	Merged with Schering-Plough 1986
Neutrogena	286,172	Traded o-t-c
Valleylab	146,667	Merged with Pfizer 1983
Intermec[1]	139,130	Traded o-t-c
Delhi Intl Oil	128,529	Acquired by CSR Ltd 1981
O'Sullivan	127,872	Traded Amex
Applied Data Research	126,169	Acquired by American Info Tech 1986
Physio-Control	116,047	Merged with Eli Lilly 1980
Continuous Curve CL	111,474	Merged with Revlon 1980
Versa Technologies	110,457	Traded o-t-c

[1] Formerly Interface Mechanisms.

Company	Value of $10,000 invested 11/30/79	Status
Eldon Inds	$109,668	Traded NYSE
Thetford	102,344	Acquired by Dyson Kissner Moron 1988
Quotron Systems	97,446	Acquired by Q Acquisition (Citicorp) 1986
Charming Shoppes	90,329	Traded o-t-c
SafeCard Services	88,551	Traded o-t-c
Great Lakes Chemicals	85,419	Traded NYSE
AT Cross Cl A	83,881	Traded Amex
Sealed Air	83,778	Traded NYSE
FlightSafety Intl	81,887	Traded NYSE
Plenum Publishing	75,226	Traded o-t-c
Pic 'n' Save	74,375	Traded o-t-c
Genl Semiconductor	73,765	Merged with Square D 1981
Molex	65,417	Traded o-t-c
Amer Appraisal Assoc	64,470	Acquired by RLM Investments 1984
Belco Pollution Control	61,739	Merged with Foster Wheeler 1979
Pepcom Inds	61,182	Acquired by Suntory Bottling 1980
ChemLawn	57,503	Acquired by Ecolab 1987
Luby's Cafeterias[2]	56,877	Traded NYSE
Magma Power	55,408	Acquired by Natomas 1982
Scripps Howard Broadcast	53,333	Traded o-t-c
Mite	52,492	Acquired by Emhart 1985
Gray Communications	51,724	Limited trading
Alico	46,780	Traded o-t-c
Redken Labs	45,585	Acquired by RLI Acquisition 1988
Lawson Products	45,563	Traded o-t-c
Hickory Farms Ohio	44,528	Acquired by General Host 1980
Pic'n' Pay Stores	39,378	Acquired by CWB 1980
Dranetz Technologies[3]	39,249	Acquired by Hawker Siddeley Group 1988
Dual-Lite	37,300	Acquired by Insilco 1987
Atlantic Oil	36,758	Acquired by Atlantic Acq (Stephens) 1983
Security Amer Life	36,725	Acquired by USLIFE 1980
Impell	35,890	Merged with Combustion Engineering 1984
Cedar Point	35,496	Acquired by Cedar Fair Ltd 1983
Applied Digital Data	35,387	Acquired by NCR 1980
Amer Income Life Ins	34,760	Acquired by Trust Life Ins 1989
Carboline	32,630	Acquired by Sun Co 1980
Automated Mktg Sys	31,503	Acquired by Newams 1982
Rollins Burdick Hunter	29,188	Acquired by Combined Intl Corp 1982
CACI Intl Cl A	28,420	Traded o-t-c
WD-40	28,265	Traded o-t-c
Woods Petroleum	27,529	Merged with Sunshine Mining 1985
Aydin	26,851	Traded NYSE
Gr Northern Iron Ore	26,818	Traded NYSE
Josephson Intl[4]	26,669	Acquired by LingPei 1988
Pacesetter	26,457	Taken private by management 1984

[2] Formerly Cafeterias. [3] Formerly Dranetz Engineering Labs. [4] Formerly Marvin Josephson Assn.

good news. In fiscal 1989 CPT lost over $25 million on revenues of around $63 million.

A closer look at 1979's top 100 reveals some lessons. For one thing, major events happen rapidly for small companies. As in the Kratos case, constant monitoring is essential. Small companies don't receive as much coverage as larger ones, in most cases. (Over the past ten years, FORBES has written stories on some three dozen of 1979's top 100 companies, many of them two and three times.)

The winning group from 1979 were the 15 companies that could be placed under the heading of niche companies. These were WD-40 Co., manufacturer and marketer of the aerosol lubricant of the same name; ChemLawn Corp., the lawn care firm acquired by Ecolab Inc. in 1987; Quotron Systems Inc., the financial information company acquired by Citicorp in 1986; A.T. Cross Co., maker of fine writing instruments; Plenum Publishing Corp., publisher of technical books and journals; Pic 'n' Save Corp., a retailer of closeout merchandise; FlightSafety International Inc., the pilot training firm *(see story, p. 198)*; Brenco Inc., a manufacturer of bearings for railroad freight cars; O'Sullivan Corp., manufacturer of rubber heels and soles, as well as specialty plastics; Kroy Industries, manufacturer of lettering systems, taken private in 1986; SafeCard Services Inc., which provides services to credit card holders; Redken Laboratories Inc., manufacturer and marketer of specialty shampoos and cosmetics, taken private by management last year; Neutrogena Corp.; Interface Mechanisms (now Intermec Corp.), an early manufacturer of bar-coding equipment; and Continuous Curve Contact Lens, an early manufacturer of soft contact lenses, merged with Revlon in 1980.

Had an investor spread out his or her $1 million equally over these 15 niche companies in 1979, he or she would now own a portfolio worth nearly $9 million.

Our little survey suggests that investors should use extreme caution when looking at Up & Comers that are part of a hot group. Over the past decade, the stock groups that looked promising for small companies in 1979—energy, say, or computer services—have generally underperformed the market since then. The 12 energy-related companies on 1979's list underperformed the S&P by 25%;

the 6 insurers by 51%; the 5 computer services firms by 75%. On the other hand, the 5 media companies on the list outperformed the market by a healthy 64%.

Among the top 200 companies of 1989, the insurance group has 15 entries, up from 11 last year. Similarly, there are a dozen specialty retailers on this year's list, up from 9 last year. And this year's list weighs in with 10 restaurant chains (11 if you count the frozen yogurt franchisor TCBY), at a time when growth in the restaurant industry is turning sluggish (FORBES, *Oct. 30*).

Will the insurers, retailers and restaurateurs of 1989 be like the energy and computer services groups of 1979? Quite possibly.

Overall, in separating the potential eagles from the future turkeys and Icaruses, the odds seem to favor strong little niche companies with proven records. Neutrogena, FlightSafety International, A.T. Cross and Intermec—all members of the class of 1979, and all niche companies—made the Up & Comers list again this year, though FlightSafety International is the only company to have made the list every year since 1979. One should note, however, that these companies generally sell for high multiples of their current earnings: Should their growth falter, so will their share prices.

Other new and returning niche companies on the 1989 list include Intellicall, a five-year-old Carrollton, Tex. manufacturer of private pay telephones, with the largest market share; Calgon Carbon Corp., the Pittsburgh-based processor of activated carbon—used to decolorize corn syrup, purify water and filter gases—with over 30% of the world market; Decatur, Ga.-based John H. Harland Co., the second-largest U.S. check printer (after Deluxe Corp.), with about 25% of the market; Uniforce Temporary Personnel, a New Hyde Park, N.Y.-based franchisor of office temporary services; New York's Tiffany & Co., the jeweler and luxury merchandiser; and Acuson Corp., of Mountain View, Calif., a manufacturer of ultrasound machines used in medicine with a signficant share of the world market.

There is, of course, no guarantee that these ten companies will do as well as the niche companies of the class of 1979. But they're already off to a good start. ■

Company	Value of $10,000 invested 11/30/79	Status
Showboat	$25,796	Traded NYSE
Keystone Intl	25,336	Traded on NYSE
Waters Associates	25,053	Merged with Millipore 1980
Ingredient Technology	24,835	Acquired by Crompton & Knowles 1988
Omnicom[5]	24,125	Merged into BBDO 1986
Gulf Energy & Dev	23,567	Acquired by Penn Central 1983
CLARCOR[6]	22,544	Traded o-t-c
Kroy[7]	21,332	Acquired by Kappa Acquisition 1986
Plantronics	20,330	Acquired by PI Acquisition 1988
Comshare	20,290	Traded o-t-c
Manufacturing Data Sys	19,659	Merged with Schlumberger 1981
Shared Medical Sys	19,077	Traded o-t-c
Western Marine Electron	18,799	Taken private by management 1985
Profit Systems[8]	18,621	Traded o-t-c
Kennington Ltd	17,180	Acquired by C&T Acquisition 1987
Spectrum Control	16,875	Traded o-t-c
Dynatech	14,795	Traded o-t-c
COMNET[9]	14,545	Traded o-t-c
Trico Inds	14,294	Acquired by PACCAR 1987
Dome Mines Ltd	14,235	Merged with Placer Dome 1987
Health-Mor	12,698	Traded Amex
McRea Consol O&G	12,144	Acquired by Lear Petroleum 1983
T-Bar	11,946	Acquired by Data Switch 1987
Statesman Group	11,790	Traded Amex
Guaranty Natl	11,407	Acquired by Orion Capital 1988
Golden West Homes	9,894	Acquired by Golden Acquisition 1986
Nicolet Instrument	8,474	Traded NYSE
Varco Intl	7,222	Traded NYSE
Augat	7,146	Traded NYSE
Standard Microsystems	5,742	Traded o-t-c
Tucker Drilling	4,799	Traded o-t-c
AlaTenn Resources[10]	4,737	Traded o-t-c
Adage	4,459	Limited trading
Anacomp	4,136	Traded NYSE
Brenco	4,114	Traded o-t-c
Autotrol	3,798	Traded o-t-c
Altair	3,663	Liquidated 1986
Data Terminal Sys	3,194	Acquired by Natl Semiconductor 1983
Semicon	3,030	Limited trading
Aztec Mfg	3,022	Traded o-t-c
Kratos	1,702	Liquidated 1986
CPT	698	Traded o-t-c
Struthers Wells	316	Traded Amex
North American Group[11]	104	Filed Chapter 11 in 1984, trading suspended
Cyclotron	0	Filed Chapter 11 in 1983

[5]Formerly Doyle Dane Bernbach. [6]Formerly J.L. Clark Mfg. [7]Formerly Kroy Inds. [8]Formerly PBA. [9]Formerly Computer Network. [10]Formerly Alabama Tenn Natl Gas. [11]Formerly Reliable Investors.

The small company honor roll

These 15 companies have graced Forbes' 200 best small companies rankings at least 4 out of the last 5 years, and posted some of the 1988 group's better 5-year and latest-12-month returns. A portfolio made by investing $10,000 in each of these stocks in October 1984 would now be worth $752,388, a 38.1% average annual return.

Company	Years on 200 best list*	Return on equity 5-year average	Return on equity latest 12 months	—5-year growth— sales	—5-year growth— earnings	Recent price	Value of $10,000 invested 10/22/84	Chief executive
American Software CL A	5	18.9%	23.2%	76.4%	15.2%	19	$45,592	James C Edenfield
Biomet	4	18.3	23.9	142.3	23.3	27	104,674	Dane A Miller
Clayton Homes	4	18.3	23.0	209.5	16.7	9	21,437	James L Clayton
Deb Shops	4	22.2	23.7	197.7	16.7	17	26,959	Marvin Rounick
Diagnostic Prods	5	19.5	23.9	53.8	13.8	34	80,000	Sigi Ziering
Dress Barn	5	31.4	33.8	249.2	18.9	15	73,171	Elliot S Jaffe
Franklin Resources	6	53.5	49.3	232.4	74.2	39	132,528	Charles B Johnson
Hunt Manufacturing	8	18.8	24.3	196.7	18.4	19	27,467	Ronald J Naples
John H Harland	8	22.2	23.3	339.9	56.9	23	19,221	J William Robinson
Legent Corp	4	22.5	35.2	118.3	21.3	29	83,636	Glen F Chatfield
Luby's Cafeterias	7	19.3	20.2	277.0	29.1	25	11,892	John B Lahourcade
Neutrogena	8	36.4	43.9	196.5	25.9	28	50,173	Lloyd E Cotsen
Pioneer Group	9	27.6	25.3	57.4	14.3	23	14,375	John F Cogan Jr
Systematics	5	21.2	25.1	213.4	19.5	37	24,915	John E Steuri
Tootsie Roll Industries	4	19.6	23.2	158.0	17.9	35	36,347	Melvin J Gordon
Total							$752,388	

*Since 1980.

Sources: William O'Neil & Co; Wilshire Associates.

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How we define "best"

What attributes put a company on Forbes' 200 best small companies list? We begin by looking at some 4,000 publicly traded corporations with sales between $5 million and $350 million. Frank Davis, of Los Angeles' William O'Neil & Co., then screens that list. Surviving that screen is tough. It requires a five-year average annual return on equity greater than 10%; minimum five-year annual earnings and sales growth rates of 8%; debt no greater than equity; no recent earnings or stock market reverses. We then eliminate limited partnerships, real estate investment trusts and companies whose stocks sell for under $5 or have insufficient stock in public hands.

Having thus used quantitative criteria to eliminate a lot of companies that don't belong on any "best" list, we bring in judgmental, nonstatistical criteria—unfavorable current or impending developments, for example.

Not every one of these companies will survive in our churning, dynamic economy, but some of them will go on to greatness, and every one has passed some extremely tough tests.

—Rank—			Return on equity		5-year	Latest 12 mos					Latest 12 mos		Est	Book
this year	last year	Company/business	5-year average	latest 12 months	EPS growth rate	sales (mil)	profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	EPS	P/E	1989 EPS	value/ share
1	■	**J Baker**[1] shoe stores	100%*	24.5%	39%	$300.5	$9.2	53%	21	$168.3	$1.10	18.8	$1.48	$4.58
2	■	**Allwaste** pollution control eq & svs	77.1	26.5	62	127.2	9.0	18	22	319.2	0.67	33.4	0.80	2.37
3	■	**Golden Valley Microwave**[2] microwave popcorn and breakfast foods	59.1	40.6	154	155.4	16.6	2	34	391.8	1.38	24.4	1.67	3.50
4	■	**Tech-Ops Landauer** radiation monitoring svcs	54.5	53.9	25	25.6	6.1	3	32	134.5	1.44	22.0	1.50	2.67
5	4	**Franklin Resources** fund management	53.5	49.3	74	232.4	74.2	2	39	1013.9	2.84	13.7	2.93	5.77
6	3	**Quiksilver** casual sportswear	52.7	42.6	114	66.2	6.1	0	22	133.1	0.98	22.6	0.99	2.38
7	■	**Colonial Group Cl A** fund management	50.9	27.4	15	73.0	10.0	46	13	104.5	1.25	10.6	1.45	4.60
8	■	**One Price Clothing Store** discount apparel stores	47.4	37.0	73	76.4	4.5	0	14	89.0	0.68	20.2	0.74	1.87
9	9	**Intl Dairy Queen Cl A**[3] fast-food restaurants	42.8	38.8	29	252.0	22.4	47	46	435.9	2.38	19.3	2.42	6.09
10	12	**Shorewood Packaging** packaging materials	39.9	33.6	58	132.6	15.8	37	25	327.5	1.21	20.7	1.46	3.58
11	■	**Jan Bell Marketing** jewelry distribution	37.0	47.1	[illegible]8	133.6	11.0	0	31	589.6	0.62	49.2	0.82	1.21
12	19	**Neutrogena** cosmetics	36.4	43.9	54	196.5	25.9	0	28	728.7	0.96	28.9	1.01	2.24
13	■	**System Software Assocs** software for IBM mainframes	35.7	51.4	63	87.3	10.2	1	26	195.3	1.25	20.4	1.34	2.59
14	16	**T Rowe Price & Assocs** fund management	34.3	38.0	39	149.8	30.2	4	52	373.6	4.10	12.7	3.90	11.05
15	■	**Code Alarm** auto security sys	33.8	24.6	62	26.1	1.6	9	16	32.2	0.74	21.6	1.15	3.22

Stock prices as of Oct. 16. *Figure greater than 100%. [1] At least 5% is held by FMR Corp. (Fidelity). [2] At least 5% is held by IDS Financial Corp. [3] At least 5% is held by Nicholas Co. (combined classes).

Sources: William O'Neil & Co., Institutional Brokers Estimate System (IBES), Forbes.

The 200 Best Small Companies in America

Rank			Return on equity		5-year	Latest 12 mos					Latest 12 mos			
this year	last year	Company/business	5-year average	latest 12 months	EPS growth rate	sales (mil)	profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	EPS	P/E	Est 1989 EPS	Book value/ share
16	■	**Tseng Labs** enhanced graphic equip for IBM-compatible PCs	33.6%	99.4%	69%	$32.4	$5.7	7%	5	$85.7	$0.31	15.5	$0.39	$0.32
17	■	**Catalina Lighting** lighting products	33.6	43.7	110	46.4	2.1	3	12	55.7	0.56	21.9	0.67	1.05
18	21	**Group 1 Software** computer software	32.7	60.5	70	18.7	2.9	1	9	38.3	0.69	13.4	NA	1.15
19	■	**Kaydon** bearings, filtration prods	32.7	44.3	36	145.5	22.7	70	33	279.9	2.65	12.5	2.75	5.93
20	■	**BeautiControl Cosmetics** cosmetics	32.2	40.8	25	41.8	4.5	0	18	86.4	0.87	20.1	1.00	2.25
21	■	**Chips & Technologies**[1] semiconductors	32.1	49.7	115	217.6	33.1	4	23	321.2	2.23	10.3	1.70	4.77
22	■	**Hilb Regal & Hamilton** insurance	32.0	25.9	59	53.9	4.8	92	23	83.3	1.15	19.8	1.23	5.07
23	24	**Dress Barn** women's apparel stores	31.4	33.8	44	249.2	18.9	0	15	334.8	0.85	17.6	1.23	2.51
24	■	**Baldwin Technology Cl A** printing equip	30.1	45.0	39	125.5	9.3	0	20	273.1	0.70	28.2	1.05	1.49
25	23	**Heartland Express** trucking	30.0	30.6	26	42.4	5.5	0	17	86.3	1.11	15.5	1.22	3.62
26	22	**Wellman**[2] plastics recycling	29.9	31.1	32	342.5	46.9	24	37	1067.1	1.61	23.2	1.91	5.29
27	■	**Autodesk**[3] computer-aided design software	28.5	26.9	89	146.4	39.8	0	40	951.2	1.65	24.0	1.87	6.15
28	■	**Plains Petroleum** oil & gas explor, production	28.3	33.5	37	40.0	11.5	29	33	309.9	1.21	27.1	1.57	3.62
29	■	**Lindsay Manufacturing** agricultural irrigation sys	28.0	84.6	126	94.9	6.8	0	22	45.5	3.27	6.7	3.50	3.86
30	■	**Insituform Mid Amer** sewer and pipeline repair	28.0	19.1	27	25.2	1.8	6	7	49.8	0.25	28.0	0.31	1.34
31	28	**Pioneer Group**[4] fund management	27.6	25.3	18	57.4	14.3	2	23	139.9	2.35	9.8	2.37	9.33
32	29	**Calgon Carbon** activated carbon	27.0	26.8	35	249.4	32.3	25	44	881.5	1.60	27.5	1.77	6.01
33	■	**Devcon Intl** heavy construction svcs	26.9	29.5	36	77.3	12.2	14	24	94.2	2.96	8.1	NA	10.56
34	■	**Oshkosh B'Gosh Cl A** children's apparel	26.8	26.2	18	280.4	25.4	6	34	495.9	2.13	16.0	2.12	6.66
35	■	**Sealright** packaging materials	26.5	25.1	33	185.2	13.3	36	32	235.6	1.80	17.8	1.97	7.18
36	■	**Arthur J Gallagher & Co**[5] insurance brokerage	26.3	25.0	15	161.5	16.9	30	23	262.3	1.42	16.2	1.41	5.92
37	■	**Hako Minuteman** vacuums, floor care equip	25.7	18.5	32	30.2	3.0	0	10	37.6	0.83	12.3	0.87	4.48
38	30	**Penn Treaty American** supplemental health insurance	25.4	23.9	24	21.5	3.9	17	15	42.4	1.54	9.9	1.63	5.83

Stock prices as of Oct. 16. [1] At least 5% is held by Loomis, Sayles & Co. [2] At least 5% is held by Narragansett First Fund; Prudential Insurance; Teachers Insurance & Annuity. [3] At least 5% is held by Equitable Life. [4] At least 5% is held by Templeton, Galbraith & Hansberger. [5] At least 5% is held by Nicholas Co.

Sources: William O'Neil & Co., Institutional Brokers Estimate System (IBES), Forbes.

The 200 Best Small Companies in America

Rank			Return on equity		5-year	Latest 12 mos					Latest 12 mos			
this year	last year	Company/business	5-year average	latest 12 months	EPS growth rate	sales (mil)	profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	EPS	P/E	Est 1989 EPS	Book value/ share
39	33	**American List** student mailing lists	25.3%	26.5%	19%	$6.4	$2.5	0%	15	$41.7	$0.89	16.9	NA	$3.36
40	38	**Fastenal** fasteners, retails bldg materials	25.3	26.4	39	35.6	3.5	6	27	128.1	0.74	36.5	NA	2.80
41	■	**Intellicall** telecommunication equip	25.3	14.2	25	60.7	3.3	1	17	85.1	0.64	26.2	0.77	4.54
42	■	**Mail Boxes Etc** private postal and business svcs	25.0	21.2	43	21.5	2.5	0	28	70.6	1.00	27.8	NA	4.72
43	■	**New Line Cinema** movie production	24.7	20.3	61	70.3	4.5	44	6	37.8	0.71	8.6	NA	3.55
44	■	**Quality Food Centers** supermarkets	24.5	40.3	38	299.9	12.2	33	29	277.9	1.29	22.7	1.20	3.18
45	■	**TCBY Enterprises**[1] frozen yogurt stores	24.4	40.4	85	137.2	28.0	20	26	684.0	1.05	24.6	1.11	2.62
46	■	**Sanford**[2] office & art materials	24.4	32.0	51	127.7	19.8	40	24	357.8	1.32	18.3	1.37	4.17
47	■	**Duty Free Intl** duty free retail stores	24.3	36.2	28	67.9	6.7	20	25	236.9	0.87	28.7	0.98	1.96
48	■	**Preferred Health Care** heath care svcs	24.0	38.4	44	19.2	3.3	0	8	81.9	0.31	26.1	0.36	0.47
49	■	**Nichols Research** svcs for technical military equip	23.5	20.8	30	53.9	2.9	0	9	26.6	0.82	10.4	0.81	4.06
50	67	**AT Cross Cl A** pens, luggage	23.3	26.9	20	243.0	36.7	0	35	586.4	2.20	16.0	2.30	8.16
51	46	**Boston Acoustics** audio speaker systems	23.3	24.1	31	22.0	2.8	0	20	39.4	1.37	14.2	1.60	5.68
52	■	**Crown Crafts** home furnishings	23.2	29.3	76	96.1	6.6	38	20	67.7	1.94	10.4	2.03	6.75
53	■	**Polk Audio**[3] audio speaker systems	23.0	19.8	36	26.7	1.6	0	9	16.1	0.80	11.6	1.10	4.72
54	162	**Swift Energy** oil & gas explor, production	22.9	51.1	76	14.8	5.6	0	10	42.0	1.37	7.5	NA	2.65
55	■	**Presidential Life** insurance	22.7	29.1	66	297.6	47.3	52	18	390.8	2.21	8.3	2.06	7.60
56	■	**Legent Corp**[4] software	22.5	35.2	47	118.3	21.3	0	[illegible]	562.1	1.06	27.1	1.22	3.09
57	■	**Werner Enterprises**[5] trucking	22.5	21.0	25	221.7	17.3	14	20	235.9	1.49	13.6	1.55	7.08
58	■	**Fair Isaac & Co** credit application scoring software	22.4	15.8	24	23.9	2.7	0	7	35.5	0.47	13.8	0.29	3.07
59	60	**John H Harland** check printing	22.2	23.3	18	339.9	56.9	5	23	871.4	1.50	15.4	1.58	6.48
60	■	**Telecredit** credit-authorization svcs	22.2	34.1	50	163.1	25.8	0	36	392.5	2.34	15.4	2.61	6.94
61	■	**Deb Shops** women's apparel stores	22.2	23.7	12	197.7	16.7	3	17	255.2	1.08	15.4	1.13	4.60

Stock prices as of Oct. 16. NA: Not available. [1] At least 5% is held by IDS Financial. [2] At least 5% is held by Strong/Corneliuson Capital; Ariel Capital Management; T Rowe Price Associates. [3] At least 5% is held by Calvert Asset Management. [4] Formed by merger of Duquesne Systems (ranked 115 last year) and Marino Associates (ranked 139 last year). [5] At least 5% is held by Wellington Management Co.

Sources: William O'Neil & Co., Institutional Brokers Estimate System (IBES), Forbes.

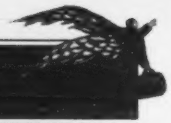
The 200 Best Small Companies in America

——Rank——			Return on equity		5-year	Latest 12 mos			Recent	Market	Latest 12 mos		Est	Book
this year	last year	Company/business	5-year average	latest 12 months	EPS growth rate	sales (mil)	profits (mil)	Debt/ equity	stock price	value (mil)	EPS	P/E	1989 EPS	value/ share
62	■	**Total System Services** financial data processing svcs	22.1%	33.5%	34%	$60.7	$10.5	0%	27	$424.7	$0.66	40.5	$0.72	$1.97
63	■	**Fedders** air conditioners, heat transfer equip	22.0	28.7	36	334.2	21.1	30	14	257.4	1.21	11.6	1.22	4.00
64	89	**Frontier Insurance Group** insurance	22.0	27.0	66	52.9	7.9	0	18	73.5	1.98	9.2	2.13	7.29
65	36	**Expeditors Intl** freight forwarding	22.0	24.0	29	173.0	8.3	5	24	138.8	1.44	16.8	1.57	6.06
66	■	**American Travellers**[1] insurance	21.9	17.2	17	35.6	4.3	0	14	48.0	1.21	11.3	1.43	7.03
67	68	**Liqui-Box** packaging	21.9	30.4	23	95.7	8.4	11	55	125.7	3.64	15.1	NA	12.08
68	■	**Groundwater Tech**[2] water pollution control svs	21.4	16.1	64	101.9	10.0	0	27	212.6	1.25	21.8	1.45	7.93
69	■	**CPI**[3] portrait studios at Sears	21.4	22.1	24	344.0	30.2	0	29	445.7	1.73	16.8	2.10	8.89
70	47	**BHA Group Cl A** aftermarket air pollution cntrl equip	21.3	30.5	29	54.4	3.8	13	22	121.5	0.71	30.3	0.76	2.20
71	101	**Systematics** bank computer services	21.2	25.1	22	213.4	19.5	7	37	403.5	1.73	21.2	2.00	7.05
72	■	**BEI Electronics** defense electronics	21.1	41.8	50	67.1	6.6	14	9	74.5	1.36	6.8	NA	1.96
73	■	**Hipotronics**[4] electrical testing equip	21.0	28.6	30	26.0	3.0	16	15	30.9	1.46	10.4	NA	5.16
74	■	**National Pizza** Pizza Hut franchise	20.8	19.1	19	148.6	10.8	49	17	233.5	0.78	21.8	0.98	4.14
75	75	**Technalysis**[5] computer & technical svcs	20.8	24.0	13	19.4	1.9	0	12	28.6	0.79	15.2	0.83	3.30
76	■	**Mestek** climate-control equip	20.7	22.6	58	178.2	8.6	51	9	63.7	0.91	9.5	1.20	5.18
77	■	**Markel** insurance	20.6	25.7	56	78.8	12.1	52	23	119.4	2.33	9.8	2.44	9.02
78	■	**Atlantic S E Airlines**[6] airline	20.5	25.0	19	158.5	21.3	96	17	201.0	1.73	9.6	2.20	7.05
79	70	**Uniforce Temp Personnel** temporary personnel	20.4	23.3	26	112.6	3.4	0	14	62.2	0.74	18.6	0.85	3.23
80	■	**Wausau Paper Mills** paper & paper products	20.3	28.0	33	317.0	20.9	21	40	218.1	3.81	10.4	NA	13.63
81	■	**Paris Business Forms** business forms	20.1	20.7	32	47.2	2.9	24	9	32.9	0.74	12.5	0.75	3.86
82	■	**Sbarro** Italian restaurants	20.0	21.4	44	131.0	12.3	0	20	272.6	0.92	22.1	1.06	4.29
83	■	**Acuson** ultrasound medical instruments	20.0	32.6	160	200.9	33.2	0	36	813.0	1.40	25.7	1.57	4.51
84	■	**MS Carriers**[7] trucking	19.7	19.6	26	83.4	7.6	20	21	112.4	1.43	14.9	1.55	7.28

Stock prices as of Oct. 16. NA: Not available. [1] At least 5% is held by Templeton Funds; Templeton, Galbraith & Hansberger. [2] At least 5% is held by T Rowe Price Associates. [3] At least 5% is held by Ruane, Cunniff & Co. [4] At least 5% is held by Wellington Management; Vanguard Group; Lazard Frères. [5] At least 5% is held by Wellington Management. [6] At least 5% is held by Templeton, Galbraith & Hansberger. [7] At least 5% is held by Prudential Insurance; Wellington Management.

Sources: William O'Neil & Co., Institutional Brokers Estimate System (IBES), Forbes.

The 200 Best Small Companies in America



——Rank——			Return on equity			Latest 12 mos					Latest 12 mos			
this year	last year	Company/business	5-year average	latest 12 months	5-year EPS growth rate	sales (mil)	profits (mil)	Debt/equity	Recent stock price	Market value (mil)	EPS	P/E	Est 1989 EPS	Book value/share
85	108	**Modern Controls** precision instruments	19.6%	25.2%	20%	$9.2	$1.9	0%	14	$30.0	$0.89	16.0	$0.94	$3.60
86	96	**Tootsie Roll Industries** candy	19.6	23.2	21	158.0	17.9	0	35	325.5	1.89	18.4	2.10	8.24
87	107	**Diagnostic Prods** medical diagnostic kits	19.5	23.9	37	53.8	13.8	0	34	404.2	1.12	30.4	1.23	4.84
88	45	**Aloette Cosmetics** cosmetics	19.4	19.0	11	18.8	3.2	3	12	34.5	1.10	10.7	1.17	5.75
89	84	**McGrath RentCorp** sells and leases modular offices	19.3	21.9	25	36.7	6.3	0	15	60.1	1.51	9.6	1.65	6.89
90	93	**Luby's Cafeterias** cafeteria restaurants	19.3	20.2	12	277.0	29.1	2	25	453.6	1.60	15.5	1.65	7.88
91	■	**Software Publishing** software	19.2	34.8	25	96.7	16.3	0	27	206.6	2.02	13.2	2.09	6.06
92	■	**Cadence Design Systems**[1] computer-aided design	19.1	40.2	41	93.3	20.6	4	20	457.0	0.87	22.4	1.01	2.19
93	■	**St Jude Medical** heart valves	19.0	33.3	76	133.3	43.2	0	44	1010.3	1.82	24.0	2.13	5.62
94	■	**Tiffany & Co** retails jewelry and gifts	18.9	28.1	82	331.7	27.9	0	51	766.4	1.82	27.7	2.09	6.54
95	■	**Hawthorne Financial** savings & loan, insurance	18.9	20.1	34	101.6	14.2	0	34	87.8	5.46	6.2	5.00	27.07
96	122	**American Software Cl A** computer software	18.9	23.2	25	76.4	15.2	0	19	287.5	1.02	18.9	1.43	4.39
97	■	**Technitrol Inc** electronic and mechanical prods	18.8	24.7	16	93.7	7.2	49	41	80.8	3.65	11.2	4.10	14.73
98	118	**Hunt Manufacturing** office supplies	18.8	24.3	22	196.7	18.4	14	19	307.1	1.15	16.6	1.16	4.71
99	125	**Superior Industries Intl**[2] custom auto parts	18.6	23.3	28	242.0	15.5	65	23	180.1	1.96	11.6	1.98	8.14
100	■	**United Gaming** svc and sales of gambling machines	18.6	25.9	39	65.4	5.8	26	12	92.1	0.70	17.0	NA	2.88
101	■	**Escalade**[3] recreational & office equip	18.5	17.3	42	69.4	4.4	16	11	39.5	1.16	9.3	1.21	6.84
102	■	**Ballard Med Prods** disposable medical prods	18.4	41.3	203	18.6	3.7	0	16	75.7	0.70	23.0	0.75	1.90
103	146	**Biomet** medical implant devices	18.3	23.9	51	142.3	23.3	0	27	740.6	0.85	31.5	1.00	3.53
104	■	**Homestead Holding** savings & loan	18.3	12.6	26	23.8	2.1	31	10	11.8	1.79	5.7	NA	14.26
105	120	**Clayton Homes** manufactured housing	18.3	23.0	24	209.5	16.7	74	9	140.9	1.04	8.7	1.20	4.51
106	■	**Intl Recovery** waste management, aviation svcs	18.2	32.2	126	72.4	2.6	38	14	60.7	0.67	21.5	0.80	1.91
107	■	**DH Technology** computer equip	18.2	30.0	27	38.0	4.8	25	11	51.9	0.97	11.3	1.09	3.37

Stock prices as of Oct.16. NA: Not available. [1] At least 5% is held by Investment Advisors. [2] At least 5% is held by Capital Group, and 5% by Dimensional Fund Advisors. [3] At least 5% is held by Wellington Management Explorer Fund.

Sources: William O'Neil & Co., Institutional Brokers Estimate System (IBES), Forbes.

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—Rank—			Return on equity		5-year	Latest 12 mos					Latest 12 mos			
this year	last year	Company/business	5-year average	latest 12 months	EPS growth rate	sales (mil)	profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	EPS	P/E	Est 1989 EPS	Book value/ share
108	■	**Gantos** women's apparel stores	18.2%	21.1%	38%	$206.9	$5.3	97%	29	$149.4	$1.22	24.0	$1.53	$4.95
109	72	**CEM** precision instruments	18.1	21.6	34	15.8	2.5	0	11	48.8	0.53	20.8	0.76	2.55
110	87	**Emcon Associates** environmental consulting svcs	17.9	15.6	63	32.2	3.4	0	24	73.1	1.28	18.9	1.36	7.24
111	112	**FlightSafety Intl** air & marine training	17.9	20.5	16	211.5	56.2	14	44	1489.3	1.66	26.4	1.86	8.07
112	71	**AEP Industries** plastics	17.6	19.0	11	119.8	4.9	8	21	65.3	1.61	12.9	1.80	8.28
113	130	**Ryan's Family Steak House** cafeteria restaurants	17.5	19.0	48	226.8	20.7	9	8	417.9	0.40	20.0	0.42	2.02
114	88	**Arbor Drugs** drugstores	17.5	20.7	23	300.2	9.2	69	20	187.9	0.96	20.6	1.25	4.65
115	114	**Cintas** uniform sales and rentals	17.4	16.5	23	243.6	22.1	28	44	615.2	1.58	27.5	1.91	9.47
116	138	**Medicine Shoppe Intl**[1] franchised pharmacies	17.3	21.8	25	27.2	7.1	0	32	172.4	1.31	24.4	1.37	6.01
117	121	**NYMagic*** maritime insurance	17.3	23.7	35	89.8	18.1	0	20	176.0	2.08	9.7	2.01	8.81
118	124	**Stryker** specialty medical prods	17.2	19.2	23	213.1	18.3	3	19	442.5	0.79	23.7	0.82	3.86
119	85	**Intertrans** freight forwarding	17.1	22.5	30	148.0	4.5	0	15	67.8	0.88	16.9	0.88	4.37
120	41	**XL/Datacomp** sells and leases IBM computers	17.1	25.2	24	273.5	15.2	0	21	232.5	1.29	15.9	1.38	5.31
121	90	**LSI Lighting Systems** outdoor lighting fixtures	17.0	23.3	13	57.4	4.0	13	13	59.1	0.85	15.3	1.22	3.79
122	■	**Dataflex** microcomputer sales and service	17.0	30.7	54	56.0	1.8	8	11	26.2	0.74	14.9	1.00	2.48
123	137	**Thermo Instrument Sys** radiation and pollution instruments	16.9	22.4	29	111.8	10.0	35	18	267.9	0.66	27.7	1.04	3.04
124	■	**Keane** computer svcs	16.8	36.1	44	65.0	3.3	3	18	49.3	1.35	13.2	1.36	3.26
125	■	**Riedel Environ Tech** hazardous waste mgmt svcs	16.8	12.7	57	74.0	2.7	22	15	54.4	0.79	18.8	0.78	5.75
126	■	**Insteel Industries** wire & cable products	16.7	19.7	12	200.8	6.4	71	11	47.9	1.50	7.5	1.40	7.66
127	■	**National Data** electronic payment and financial svcs	16.5	24.2	20	254.2	22.4	14	32	370.5	1.92	16.7	2.17	7.99
128	■	**Stevens Graphics Cl A** printing presses and equip	16.1	21.4	150	109.5	6.6	87	16	124.6	0.90	17.6	1.06	3.95
129	■	**Intervoice** telecommunication equip	15.8	45.8	220	18.5	4.6	0	32	180.1	1.14	28.3	1.34	1.79
130	■	**Buffets** buffet restaurants	15.7	25.0	66	95.5	5.1	5	15	138.3	0.54	27.8	0.64	2.21

Stock prices as of Oct.16. *Formerly New York Marine & General Insurance. [1]At least 5% is held by T. Rowe Price Associates New Horizon fund; Mitchell Hutchins Asset Management; Scudder Stevens & Clark.

Sources: William O'Neil & Co., Institutional Brokers Estimate System (IBES), Forbes.

The 200 Best Small Companies in America

—Rank—			Return on equity		5-year	Latest 12 mos								
this year	last year	Company/business	5-year average	latest 12 months	EPS growth rate	sales (mil)	profits (mil)	Debt/ equity	Recent stock price	Market value (mil)	Latest 12 mos EPS	P/E	Est 1989 EPS	Book value/ share
131	■	**Harding Associates**[1] hazardous waste consulting svcs	15.7%	22.2%	53%	$57.8	$3.7	1%	17	$74.1	$0.82	20.7	$0.93	$3.82
132	141	**G&K Services** linen rental	15.7	15.4	21	108.8	8.3	6	12	166.4	0.61	20.3	0.87	4.02
133	152	**Watts Industries**[2] valves	15.6	16.0	16	223.9	23.0	45	35	443.2	1.82	19.4	2.53	11.43
134	■	**Midwest Grain Products** flour & grain prods	15.5	18.2	38	152.7	13.2	4	27	175.8	2.09	12.9	2.80	11.13
135	■	**Pioneer Financial**[3] savings & loan	15.5	51.8	37	64.4	22.5	0	11	34.8	7.04	1.6	1.59	14.22
136	■	**Wolohan Lumber** building supply centers	15.4	26.6	49	267.8	11.5	61	20	117.8	1.97	10.2	2.08	7.31
137	■	**Cascade Corp** hydraulic equip	15.2	19.1	21	150.0	11.6	9	24	141.1	1.92	12.2	1.99	10.11
138	■	**US Surgical** surgical stapling devices	15.2	19.3	25	312.4	25.0	69	51	581.1	2.18	23.3	2.35	11.33
139	■	**Tech-Ops Sevcon** controls for electric vehicles	15.1	23.3	27	13.9	1.4	0	6	11.1	0.67	8.2	NA	2.92
140	■	**Greiner Engineering** engineering svcs	15.1	19.6	45	96.5	3.4	12	19	46.5	1.35	13.8	1.27	6.87
141	■	**Kent Electronics** electronics & electronics distrib	14.9	12.7	20	44.7	2.7	5	9	31.3	0.72	11.8	0.77	5.27
142	■	**Applied Power** industrial equip	14.9	28.0	36	210.3	19.6	37	24	298.0	1.51	15.6	1.25	5.52
143	181	**Programming & Systems** vocational schools	14.8	18.5	26	29.6	2.7	0	20	36.2	1.49	13.4	NA	8.05
144	163	**Sizzler Restaurants Intl** steak houses	14.6	17.8	18	315.7	21.9	7	21	348.5	1.30	16.0	1.45	7.34
145	156	**Fabricland**[4] fabric stores	14.5	18.1	12	74.5	3.1	29	15	38.9	1.16	12.5	NA	6.40
146	183	**Guardsman Products** coatings and polishes	14.4	16.4	14	183.4	6.9	24	16	86.4	1.24	12.5	1.33	7.31
147	■	**SunGard Data Systems** computer svcs	14.4	15.0	50	137.1	12.6	13	20	211.8	1.15	17.3	1.25	7.88
148	199	**Myers Industries** tire svc equip, plastic parts	14.2	19.5	23	191.9	8.8	86	18	120.0	1.32	13.7	1.49	6.76
149	■	**Hooper Holmes** health care and health info svcs	14.1	14.7	12	78.5	2.3	22	10	30.3	0.76	13.0	NA	5.03
150	■	**Chili's**[5] restaurants	14.1	23.3	24	284.7	14.0	72	29	276.9	1.35	21.1	NA	6.21
151	■	**Gendex** medical and dental x-ray equip	13.9	18.9	103	24.2	2.1	0	10	29.1	0.72	13.7	0.80	3.55
152	128	**Marietta**[6] sample-sized cosmetics	13.9	15.3	32	36.5	2.5	40	19	74.2	1.12	17.3	1.28	4.31
153	■	**Vivigen** lab analysis of fetal cells	13.9	42.4	148	8.3	1.6	6	23	53.7	0.63	35.7	NA	1.32

Stock prices as of Oct.16. [1] At least 5% is held by Fiduciary Management. [2] At least 5% is held by First Pacific Advisors; Nicholas Co.; Nicholas Fund. [3] At least 5% is held by Wellington Management. [4] At least 5% is held by Dimensional Fund Advisors; FMR Corp. (Fidelity); Nicholas Co. [5] At least 5% is held by McCowan Associates; IDS Financial; Morgan Grenfel Capital Management. [6] At least 5% is held by Wellington Trust Co.

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The 200 Best Small Companies in America

Rank		Company/business	Return on equity		5-year EPS growth rate	Latest 12 mos		Debt/equity	Recent stock price	Market value (mil)	Latest 12 mos		Est 1989 EPS	Book value/share
this year	last year		5-year average	latest 12 months		sales (mil)	profits (mil)				EPS	P/E		
154	■	**Pansophic Systems Inc**[1] software	13.7%	13.1%	10%	$199.4	$18.5	1%	13	$248.2	$1.00	13.4	$1.19	$7.63
155	197	**Engraph** packaging materials	13.7	18.4	18	192.2	7.6	42	12	155.8	0.61	19.3	0.61	2.89
156	■	**Valcom** retail computer stores	13.5	19.3	65	303.9	5.5	1	11	45.7	1.24	8.7	1.35	6.72
157	■	**Uno Restaurant** pizza restaurants	13.5	20.1	43	40.8	2.7	17	14	87.5	0.46	30.2	0.52	2.11
158	175	**Acxiom** marketing services	13.5	13.8	24	78.0	4.6	40	20	94.3	0.96	21.1	1.18	7.10
159	182	**Quaker Chemical** specialty chemicals	13.5	15.1	15	172.6	12.5	6	22	136.0	1.95	11.0	1.99	13.11
160	■	**Unifirst** uniform rental svcs	13.4	15.9	10	210.4	11.0	95	36	182.1	2.17	16.6	2.27	13.66
161	■	**FFO Financial Group** savings & loan	13.3	22.9	11	48.0	2.5	0	8	18.4	1.06	7.5	NA	4.80
162	■	**Raymond James Financial** securities brokerage	13.0	15.7	19	195.8	9.4	47	17	94.0	1.68	10.2	1.92	10.84
163	■	**Tuscarora Plastics** plastics	13.0	25.9	20	72.8	4.1	82	23	68.5	1.39	16.4	1.55	5.24
164	■	**Puritan-Bennett** health care equip	12.9	18.9	43	215.6	15.9	26	22	246.8	1.42	15.5	1.43	7.48
165	■	**American Fructose Cl A** high fructose corn syrup	12.8	21.0	45	182.3	18.4	37	16	171.5	1.92	8.5	2.25	8.29
166	■	**First Central Financial** insurance	12.8	19.9	84	20.6	3.3	65	7	43.0	0.55	13.0	0.55	2.78
167	■	**Piedmont Federal** savings & loan	12.8	15.0	35	60.4	5.8	40	14	33.4	2.34	5.9	1.60	15.86
168	■	**EA Engineer Sci & Tech** environmental consulting svcs	12.8	9.1	28	30.5	1.1	3	10	24.6	0.44	22.7	0.50	4.81
169	■	**Central Penn Finl**[2] savings & loan	12.7	12.6	17	45.2	4.6	43	16	28.7	2.49	6.4	NA	20.30
170	■	**Paxar** apparel product identification materials	12.6	20.5	12	68.0	3.0	69	11	32.7	0.75	14.0	NA	4.75
171	■	**Harleysville Group** insurance	12.5	15.7	43	235.4	21.8	3	23	167.1	2.99	7.6	3.06	18.83
172	■	**United Investors Mgmt** fund management, insurance	12.5	16.4	34	284.5	47.5	0	18	670.2	1.37	13.0	1.40	7.66
173	■	**CR Gibson** gift & stationery items	12.4	16.5	12	49.9	2.2	49	13	47.1	0.58	21.6	0.69	3.47
174	■	**Structural Dynamics Res** computer-aided engineering	12.3	17.6	31	84.8	7.2	7	26	160.3	1.11	23.4	1.30	6.65
175	■	**Crown Books**[3] bookstores	12.3	16.5	22	189.8	10.4	6	24	119.4	1.99	11.8	NA	12.38
176	■	**Wellington Leisure Prods** leisure & recreation prods	12.2	22.1	40	79.8	4.9	45	15	69.6	1.17	13.1	1.50	4.86
177	■	**Medstat Systems** software for healthcare inds	12.0	22.2	80	8.9	1.1	17	13	34.2	0.41	31.7	40.45	1.88

Stock prices as of Oct.16. NA: Not available. [1]At least 5% is held by Nicholas Co. [2]At least 5% is held by Wellington Management; Quest Advisory Corp. [3]At least 5% is held by Baron Capital; FMR Corp. (Fidelity).

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The 200 Best Small Companies in America

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this year	last year	Company/business	5-year average	latest 12 months	EPS growth rate	sales (mil)	profits (mil)	Debt/equity	Recent stock price	Market value (mil)	Latest 12 mos EPS	Latest 12 mos P/E	Est 1989 EPS	Book value/share
178	■	**Baldwin & Lyons Cl B** insurance & brokerage	11.9%	14.4%	16%	$119.2	$17.9	0%	22	$109.2	$3.05	7.0	$2.47	$24.36
179	■	**Colonial Life & Acc Cl B** insurance	11.9	13.4	15	256.5	28.1	1	18	271.2	1.88	9.6	1.93	13.92
180	■	**Datron Systems**[1] communications, defense electronics	11.9	14.9	11	40.1	3.8	17	13	34.7	1.23	10.6	1.35	9.45
181	■	**Circle Fine Art** art galleries	11.8	19.4	41	32.5	1.6	67	9	21.9	0.65	14.2	0.68	3.51
182	■	**Varlen**[2] metal, railroad and auto prods	11.8	20.0	37	254.1	11.5	60	24	102.6	2.62	9.2	2.64	13.52
183	■	**Michael Baker** engineering & consulting svcs	11.7	13.5	27	95.5	1.7	39	15	37.9	0.92	15.9	0.96	4.73
184	■	**Intermec** optical char recognition equip	11.6	16.5	15	143.4	9.1	9	30	208.4	1.28	23.4	1.66	7.89
185	■	**Navigators Group** insurance	11.6	16.5	60	49.3	8.7	0	27	92.7	2.50	10.7	2.28	15.22
186	178	**S&K Famous Brands** discount men's apparel stores	11.5	18.1	17	55.5	2.3	77	13	29.5	1.08	11.6	1.22	5.40
187	■	**Met-Pro**[3] filtration and fluid-handling equip	11.4	16.6	13	35.4	3.0	14	23	67.7	1.01	23.0	1.27	6.17
188	■	**Forest Labs** drugs	11.3	12.0	38	110.3	22.2	0	37	641.6	1.22	29.9	1.50	10.52
189	■	**Pioneer Financial Svcs**[4] insurance	11.3	22.3	19	321.8	12.4	0	16	102.7	1.90	8.4	2.05	8.65
190	■	**EMC Insurance Group** insurance	11.3	12.7	28	120.5	11.4	2	8	71.9	1.23	6.2	1.21	9.51
191	■	**General Binding** office equip & supplies	11.2	18.5	40	267.0	17.1	6	28	443.8	1.06	26.2	1.22	5.76
192	■	**Applied Bioscience Intl**[5] toxicological testing svcs	11.2	15.7	51	51.6	4.3	6	29	92.5	1.31	22.1	1.45	8.53
193	■	**Cracker Barrel Old Ctry** restaurants	10.9	21.3	31	170.1	10.9	27	26	237.3	1.27	20.3	1.89	5.57
194	■	**Mentor Graphics**[6] computer-aided engineering	10.9	18.1	40	346.2	40.1	0	18	625.9	1.13	16.2	1.24	6.46
195	■	**JLG Industries**[7] construction machinery	10.7	26.5	104	121.4	7.6	27	17	57.8	2.16	7.6	NA	8.13
196	■	**Gentex** optical and fire protection prods	10.6	17.2	34	19.6	1.4	4	11	77.9	0.22	48.3	0.28	1.08
197	■	**Metcalf & Eddy Cos** pollution control engineering & svcs	10.6	11.4	36	308.4	15.4	6	25	366.1	1.09	23.2	1.11	9.36
198	■	**Bio Medicus** blood-circulating medical prods	10.6	21.5	77	20.5	3.8	0	16	95.0	0.63	24.8	0.68	2.90
199	■	**Anthem Electronics** electronic parts distrib	10.5	14.8	10	281.4	12.0	11	14	160.9	1.06	13.4	1.18	7.16
200	■	**Western Waste Inds** waste management	10.1	12.7	20	143.1	7.0	95	27	142.4	1.32	20.5	1.75	10.41

Stock prices as of Oct.16. NA: Not available. [1] At least 5% held by T. Rowe Price Associates: Wellington Mgmt. [2] At least 5% held by FMR Corp (Fidelity) [3] At least 5% held by Dimensional Fund Advisors. [4] Templeton, Galbraith, Hansberger. [5] At least 5% held by FMR Corp (Fidelity); Dean Witter [6] At least 5% held by Prudential. [7] At least 5% held by Lord Abbett Co.

Sources: William O'Neil & Co., Institutional Brokers Estimate System (IBES), Forbes.

The 200 Best Small Companies' Chief Executives

Lower pay, lots of stock

By and large, the 199 men and one woman (Patricia J. Defibaugh, of Aloette Cosmetics) who run the 200 best small companies in America earn considerably less than the top executives of the country's largest corporations (see "The Power and the Pay," FORBES, *May 29*). But when it comes to net worth, the small companies' executives have little to complain about. Together, they own over $5 billion worth of stock in their respective companies, an average in excess of $26 million each.

A few notes on our methodology: *Salary + bonus* includes all cash and deferred payments plus directors' fees and commissions. *Other* includes payments made under long-term compensation plans, restricted stock awards vested or released from restrictions, company thrift plan contributions and company-provided insurance and cars.

Executive stock holdings were based on shares of beneficial interest, including stock held by an executive's wife or minor children, even if beneficial ownership was disclaimed. Excluded (where possible) was stock in which the executive shared control, shares held by foundations, parents and by family members active in the business and options that were exercisable in the current year.

		—Years—				——Compensation (000)——				—Stock owned—	
Chief Executive **Company**	**Age**	**with co**	**as CEO**	**Undergraduate graduate college**	**College degrees**	**salary + bonus**	**other**	**stock gains**	**total**	**%**	**mkt value (000)**
Samuel H Maslak **Acuson**	40	8	8	MIT MIT	BS PhD	$312.5	—	—	$312.5	6.45%	$52,452
Charles D Morgan Jr **Acxiom**	46	17	6	U of Arkansas	BS	206.3	$8.8	—	215.1	21.70	20,467
J Brendan Barba **AEP Industries**	48	19	19	Fairleigh Dickinson	BS	240.8	5.9	—	246.7	42.51	27,757
Raymond L Nelson Jr[1] **Allwaste**	51	11	11	McNeese State	BS	172.0	—	—	172.0	5.58	17,811
Patricia J Defibaugh **Aloette Cosmetics**	43	11	11			193.1	—	—	193.1	27.19	9,371
William Ziegler III **American Fructose Cl A**	61	5	5	Harvard Columbia	BA MBA	608.9	98.2	—	707.1	13.62*†[2]	23,350
Martin Lerner **American List**	56	24	24	Brooklyn Poly	BS	450.1	30.0	—	480.1	10.40	4,331
James C Edenfield[3] **American Software Cl A**	54	19	7	Georgia Tech	BS	624.9	7.2	—	632.1	16.60†	47,732
John A Powell **American Travellers**	45	27	1			240.5[4]	17 6	—	258.1[5]	3.93	1,890
Robert S Throop **Anthem Electronics**	52	17	17			458.2	120.1	—	578.3	1.05	1,697
Kenneth H Harper **Applied Bioscience Intl**	58	2	2	U of Manchester U of London	BS PhD	218.8	—	—	218.8	—	
Richard G Sim **Applied Power**	45	4	3	U of Glasgow Cambridge	BS PhD	403.5	17.7	—	421.2	1.75†	5,212
Eugene Applebaum **Arbor Drugs**	52	26	26	Wayne State	BS	450.0	—	—	450.0	36.54	68,651
George F Pickett Jr **Atlantic Southeast Airlines**	48	11	11	U of Texas (Arlington) Georgia State	BS MBA	205.0	0.6	—	205.6	3.10*	6,223
Alvar J Green **Autodesk**	53	5	3	Eastern Michigan	BBA	233.3	—	—	233.3	0.06	551
Shermon N Baker **J Baker**	69	49	19	Harvard	BS	538.0	—	—	538.0	9.84	16,570

Stock prices as of Oct.16. *Includes family holdings. †Multiple stock classes have been combined. [1] Clayton K Trier is co-CEO. [2] Includes proportional interest through American Maize. [3] Thomas L Newberry is co-CEO. [4] Salary is for office of president, not CEO. [5] Excludes interest in trust established by John A Powell's father.

The 200 Best Small Companies' Chief Executives

Chief Executive Company	Age	—Years—		Undergraduate graduate college	College degrees	——Compensation (000)——				—Stock owned—	
		with co	as CEO			salary + bonus	other	stock gains	total	%	mkt value (000)
Richard L Shaw **Michael Baker**	62	39	5	U of Pittsburgh	BS	$231.6	$5.5	—	$237.1	1.19%	$450
John C Aldin **Baldwin & Lyons Cl B**	57	6	6	De Paul	BS	933.7	—	$565.8	1,499.5	0.24†	267
Wendell M Smith **Baldwin Technology Cl A**	54	5	5	Dartmouth Dartmouth	AB MS	402.7	300.0	—	702.7	12.61†	34,444
Dale [illegible] Ballard **Ballard Med Prods**	66	11	11	U of Utah	BS	126.6	—	—	126.6	21.13*	15,994
Richard W Heath **BeautiControl Cosmetics**	47	9	9			453.2	10.3	—	463.5	21.75	18,788
George S Brown **BEI Electronics**	68	15	15	U of Oklahoma	BS	271.7	—	—	271.7	1.75	1,305
Michael T Zak **BHA Group Cl A**	39	9	3			130.9	—	—	130.9	0.12†	151
James F Lyons **Bio Medicus**	59	12	12	U of Minnesota	BBA	217.5	—	—	217.5	2.17	2,058
Dane A Miller **Biomet**	43	12	12	General Motors Inst U of Cincinnati	BS PhD	196.3	—	—	196.3	5.71*	42,286
Francis L Reed **Boston Acoustics**	56	10	10	Boston U	BA	232.1	—	—	232.1	23.74*	9,352
Roe H Hatlen **Buffets**	46	6	6	Pacific Lutheran Oregon U	BA MBA	100.0	—	—	100.0	8.88*	12,285
Joseph B Costello **Cadence Design Systems**	35	5	1	Harvey Mudd Yale	BS MS	323.3	—	—	323.3	0.82	3,764
Thomas A McConomy **Calgon Carbon**	56	34	4	Carnegie-Mellon	BS	423.9	—	—	423.9	12.84†	113,155
Joseph J Barclay **Cascade Corp**	56	22	6	Illinois Inst of Tech	BS	407.5	—	—	407.5	4.07	5,750
John H Browder **Catalina Lighting**	43	1	1	U of Houston	BA	100.0[1]	—	—	100.0	1.10	613
Michael J Collins **CEM**	47	11	11	U of Florida U of Texas	BS PhD	150.0	19.7	—	169.7	14.09	6,874
John M O'Brie[illegible] **Central Penn Finl**	59	23	23	Temple U	BS	159.6	11.1	—	170.7	3.7	1,053
Norman E Brinker **Chili's Inc**	58	6	6	San Diego State U	BS	238.3	—	—	238.3	5.77	15,983
Gordon A Campbell **Chips & Technologies**	45	5	5			498.3	—	—	498.3	14.29	45,880
Richard T Farmer **Cintas**	54	32	21	Miami U (Ohio)	BA	330.0	19.4	—	349.4	35.21	216,634
Jack Solomon **Circle Fine Art**	61	25	8	U of Nebraska U of Michigan	BA LLM	107.0	—	—	107.0	25.10	5,506
James L Clayton **Clayton Homes**	55	23	23	U of Tennessee U of Tennessee	BS JD	240.0	—	—	240.0	50.59	71,273
Rand W Mueller **Code Alarm**	39	10	3			279.9	—	—	279.9	25.80	8,301

Stock prices as of Oct.16. *Includes family holdings. †Multiple stock classes have been combined. [1] John H Browder became CEO 3/89. Salary is for his previous position in company.

The 200 Best Small Companies' Chief Executives

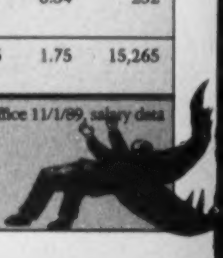
Chief Executive Company	Age	—Years— with co	—Years— as CEO	Undergraduate graduate college	College degrees	—Compensation (000)— salary + bonus	—Compensation (000)— other	—Compensation (000)— stock gains	—Compensation (000)— total	—Stock owned— %	—Stock owned— mkt value (000)
John A McNeice Jr **Colonial Group Cl A**	57	33	7	Boston College Northeastern	BA MA	$483.8	—	—	$483.8	25.24%†	$26,366
Gayle O Averyt **Colonial Life & Acc Cl B**	56	31	19	Davidson College Harvard	BS MBA	323.8	$8.7	—	332.5	8.96*†	24,296
Alyn V Essman **CPI**	57	33	16	Washington U (St L)	BS,BA	799.0	19.4	—	818.4	2.96*	13,207
Dan W Evins **Cracker Barrel Old Country Str**	54	20	20			277.9	6.6	—	284.5	2.44	5,794
Bradford R Boss **AT Cross Cl A**	56	31	10	U of Rhode Island	BS	486.3	28.3	—	514.6	18.53†	108,677
Robert M Haft **Crown Books**	37	12	12	U of Pennsylvania Harvard	MS MBA	639.0	30.0	—	669.0	2.82[1]	3,372
Michael H Bernstein **Crown Crafts**	46	17	14	Lehigh NYU	BA JD	684.5	110.0	$271.9	1,066.4	11.85*	8,019
William H Gibbs **DH Technology**	45	3	3	U of Arkansas	BS	227.5	—	—	227.5	3.33	1,729
Jeffrey A Lamm **Dataflex**	46	13	13			384.5	—	743.9	1,128.4	41.46	10,859
David A Derby **Datron Systems**	48	20	7	Cal State (Northridge)	BS	376.0	5.6	—	381.6	1.05	365
Marvin Rounick **Deb Shops**	49	28	10	U of Penn (Wharton)	BS	407.3	—	—	407.3	29.96*	76,470
Donald L Smith Jr **Devcon Intl**	68	38	38	Stanford	AB	458.8	0.5	—	459.3	47.42	44,654
Sigi Ziering **Diagnostic Prods**	61	16	15	Brooklyn College Syracuse	BS MS,PhD	300.0	30.0	—	330.0	21.11*	85,326
Elliot S Jaffe **Dress Barn**	63	27	27	U of Penn (Wharton)	BS	520.0	12.0	—	532.0	35.49*	118,829
John A Couri **Duty Free Intl**	48	7	7	Syracuse	BA	325.0	—	—	325.0	9.15[2]	21,680
Loren D Jensen **EA Engineering Sci & Tech**	52	16	16	U of Utah U of Utah	BS PhD,MS	141.3	7.9	—	149.2	28.03	6,885
Robb B Kelley **EMC Insurance Group**	72	50	26	Dartmouth	BA	354.9	2.5	42.2	399.6	1.25*	901
Thorley D Briggs **Emcon Associates**	58	9	4	Harvard	BA	149.0	6.0	—	155.0	2.80	2,049
Leo Benatar **Engraph**	59	8	8	Georgia Inst of Tech	BIE	479.1	75.0	—	554.1	2.61	4,070
Robert E Griffin **Escalade**	54	17	12	U of Notre Dame Northwestern	BS MBA	265.6	—	37.9	303.5	10.95	4,328
Peter J Rose **Expeditors International**	46	8	1			307.9	0.8	—	308.7	4.98	6,911
Tony J Bosboom **Fabricland**	66	21	21			120.0	—	—	120.0	9.34	3,632
William R Fair **Fair Isaac & Co**	66	33	29	Calif Inst of Tech Stanford	BS MS	225.7	—	—	225.7	21.26	7,554

Stock prices as of Oct.16. *Includes family holdings. †Multiple stock classes have been combined. [1] Most of these shares are owned indirectly through Robert M Haft's interest in the Dart Group, which owns 54.1% of Crown Books. [2] Most of John A Couri's holdings are through his 42.4% ownership of IDF Services, which owns 22.5% of Duty Free International.

The 200 Best Small Companies' Chief Executives

Chief Executive Company	Age	—Years—		Undergraduate graduate college	College degrees	——Compensation (000)——				—Stock owned—	
		with co	as CEO			salary + bonus	other	stock gains	total	%	mkt value (000)
Robert A Kierlin **Fastenal**	50	22	22	U of Minnesota U of Minnesota	BS MA	$120.0	—	—	$120.0	24.56%	$31,450
Salvatore Giordano Jr **Fedders**	51	29	2	CW Post	BS	408.7	$4.9	—	413.6	1.14†	2,927
James B Davis **FFO Financial Group**	53	18	13	U of Tampa	BS	172.3	2.6	—	174.9	3.58*	658
Martin J Simon **First Central Financial**	69	9	9	Brooklyn College St John's U of NY	BS LLB	110.0	—	—	110.0	16.54	7114
Albert L Ueltschi **FlightSafety Intl**	72	36	38			233.9	21.5	—	255.4	34.95	520,507
Howard Soloman **Forest Labs**	62	12	12	CCNY Yale	BS LLB	317.4	—	$553.1	870.5	3.30	21,196
Charles B Johnson **Franklin Resources**	56	35	35	Yale	BS	431.3	17.4	—	448.7	20.76	210,454
Walter A Rhulen **Frontier Insurance Group**	58	27	27	U of Connecticut	BS	120.0	7.2	—	127.2	17.81*†	13,096
Richard Fink **G&K Services**	59	25	19	U of Minnesota Oxford	BA BPhil	366.5	3.4	—	369.9	8.44*†	14,041
Robert E Gallagher **Arthur J Gallagher & Co**	66	42	26	Cornell	BA	245.0	—	—	245.0	7.84*	20,557
L Douglas Gantos **Gantos**	56	29	27	Michigan State	BS	500.0	26.9	—	526.9	40.30	60,208
John J McDonough **Gendex**	53	6	6	U of Notre Dame	BS	163.3	—	—	163.3	40.72	11,895
Rudolph Grua **General Binding**	61	6	6			404.9	16.9	280.8	702.6	0.36†	1,604
Fred Bauer **Gentex**	46	10	3	Michigan State	BS	60.5	—	—	60.5	12.54*[1]	9,770
Frank A Rosenberry **CR Gibson**	52	5	2	Princeton	BA	169.5	10.0	—	179.5	7.47	3,516
James D Watkins **Golden Valley Microwave Foods**	42	11	11	U of Minnesota	BA	382.8	6.0	—	388.8	16.95	66,393
Frank T Callahan **Greiner Engineering**	61	39	6	U of Notre Dame	BSCE	210.5	2.4	—	212.9	0.41	192
Walter C Barber **Groundwater Technology**	48	1	1	Syracuse Syracuse	BCE MPA	—	—	—	—[2]	—	0
Robert S Bowen **Group 1 Software**	51	5	2	Northwestern Harvard	BS MBA	—	—	—	—	—	0
Keith C Vander Hyde **Guardsman Products**	61	30	11			333.6	112.7	25.4	471.7	0.92	797
Jerome E Rau **Hako Minuteman**	56	8	8	U of Minnesota	BS	228.1	—	—	228.1	8.00	3,006
Richard P Prezio **Harding Associates**	44	7	1	Bentley College (Mass)	BS	230.7	—	—	230.7	0.34	252
J William Robinson **John H Harland**	69	39	20	U of Alabama	BS	433.7	38.8	—	472.5	1.75	15,265

Stock prices as of Oct.16. *Includes family holdings. †Multiple stock classes have been combined. [1]Excludes trust shares. [2]Assumed office 11/1/89, salary data not available.



The 200 Best Small Companies' Chief Executives

Chief Executive **Company**	Age	—Years— with co	as CEO	Undergraduate graduate college	College degrees	—Compensation (000)— salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
Bradford W Mitchell **Harleysville Group**	62	13	11	U of Maine Boston U	 LLB	$312.9	$58.0	—	$370.9	0.04%	$71
Vernon D Herbst **Hawthorne Financial**	66	38	30			242.6	—	—	242.6	6.10	5,353
Russell A Gerdin **Heartland Express**	48	11	11	Moorhead State	BA	300.0	—	—	300.0	68.18	58,805
Robert H Hilb **Hilb Rogal & Hamilton**	62	7	7	De Paul	BS	285.0	14.8	—	299.8	7.69	6,406
Stanley G Peschel **Hipotronics**	59	27	27	Union College	BSE	180.7	—	—	180.7	14.47	4,468
Gary L Holman **Homestead Holding**	48	20	20	Thompson Inst	BA	92.2	9.7	$1.6	103.5	2.19	259
James M McNamee **Hooper Holmes**	44	21	5	Regis College Fairleigh Dickinson	BS MBA	206.0	—	—	206.0	0.56*	169
Ronald J Naples **Hunt Manufacturing**	43	13	8	West Point Harvard	BS MA, MBA	374.7	5.1	—	379.8	1.52	4,661
Jerome Kalishman **Insituform Mid Amer Cl A**	62	6	3	Washington U Washington U	BS, BA JD	150.0	—	—	150.0	39.96†	19,898
Howard O Woltz Jr **Insteel Industries**	64	36	25	U of Virginia U of Virginia	 LLB	234.4	8.8	—	243.2	9.32	4,462
R Stephen Polley **Intellicall**	38	2	1	U of Texas George Washington	BA MBA	245.0	—	—	245.0	—	0
John W Paxton **Intermec**	52	3	1	Elizabethtown College LaSalle U	BS MBA	318.7	—	—	318.7	0.53	1,006
Sam N Wilson **Intertrans**	54	11	11	North Texas State	BA	170.8	—	—	170.8	5.49	3,726
Daniel D Hammond **Intervoice**	37	6	6	U of Central Florida	BSE	132.9	—	—	132.9	4.33	7,796
Michael P Sullivan **Intl Dairy Queen Cl A**	54	15	2	Marquette U of Minnesota	BS JD	425.6	—	—	425.6	0.23†	989
Ralph R Weiser **Intl Recovery**	64	5	5	NYU Harvard	BA JD	257.1	—	—	257.1	9.35	5,678
John L Grove **JLG Industries**	68	20	20			350.0	10.3	—	360.3	20.64	11,921
Alan H Lipton **Jan Bell Marketing**	38	6	2			500.0	—	—	500.0	9.26	54,616
Lawrence J Cawley **Kaydon**	55	4	2	Cleveland State	BME	174.6	262.3	—	436.9	0.13	379
John F Keane **Keane**	58	24	24	Harvard Harvard	BA MBA	201.7	1.6	—	203.3	59.13†	29,181
Morrie K Abramson **Kent Electronics**	54	16	16	U of Houston	BA	323.6	5.3	—	328.9	11.92*	3,728
Glen F Chatfield **Legent Corp**	46	19	13	Penn State	BS	222.3	22.8	—	245.1	5.25	29,526
Gary D Parker **Lindsay Manufacturing**	44	18	5	Nebraska Wesleyan	BS	250.0	—	—	250.0	—	0

Stock prices as of Oct.16. *Includes family holdings. †Multiple stock classes have been combined.

The 200 Best Small Companies' Chief Executives

Chief Executive Company	Age	—Years— with co	as CEO	Undergraduate graduate college	College degrees	—Compensation (000)— salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
Samuel B Davis **Liqui-Box**	47	26	7			$611.1	$17.4	—	$628.5	11.33%*	$14,240
Robert J Ready **LSI Lighting Systems**	49	13	13	Babson College	BBS	389.0	30.0	—	419.0	8.60	5,083
John B Lahourcade **Luby's Cafeterias**	64	19	6	U of Texas	BBA	341.9	51.5	—	393.4	1.22	5,532
Anthony W DeSio **Mail Boxes Etc**	59	9	6	U of Santa Clara	BSE	164.4	21.5	$270.7	456.6	26.48	18,704
John S Nadolski **Marietta**	38	14	14	Syracuse	BA	170.0	—	—	170.0	8.46	6,278
Alan I Kirshner **Markel**	54	28	6	Vanderbilt	AB	288.8	43.5	—	332.3	4.95*	5,909
Robert P McGrath **McGrath RentCorp**	55	10	10	U of Notre Dame	BS	274.8	17.9	—	292.7	30.33*	18,254
Jerome F Sheldon **Medicine Shoppe Intl**	54	10	9	Brooklyn College Columbia	BA MBA, JD	354.9	4.5	—	359.4	3.15	5,434
Ernest G Ludy **Medstat Systems**	43	8	8	U of Detroit U of Detroit	BA MA	201.3	—	—	201.3	32.05	10,972
Thomas H Bruggere **Mentor Graphics**	43	8	8	U of Calif (S Barbara) Pepperdine	BS MBA	339.2	—	—	339.2	1.24	7,769
John E Reed **Mestek Inc**	88	1	1			665.4	30.0	—	695.4	37.47	23,866
Walter A Everett **Met-Pro**	67	23	23			253.1	5.3	—	258.4	2.03	1,376
Eckardt C Beck **Metcalf & Eddy Cos**	46	2	2	Emerson College NYU	BA MPA	354.0	—	—	354.0	2.50[1]	1,153
Laidacker M Seaberg **Midwest Grain Products**	43	20	1	Texas Tech	BS	182.4	23.1	—	205.5	7.74	13,605
William N Mayer **Modern Controls**	59	17	2	U of Wisconsin	BS	174.7	—	10.0	184.7	3.27	982
Michael S Starnes **MS Carriers**	44	12	3	U of Mississippi	BBA	299.8	68.7	—	368.5	34.37	38,637
Stephen E Myers **Myers Industries**	45	26	5	Harvard	BA	212.5	7.2	—	219.7	9.19*	11,029
LeGrand C Whitney **National Data**	68	15	11			577.9	321.0	83.0	981.9	1.54*	5,709
O Gene Bicknell **National Pizza**	57	27	27			274.6	—	—	274.6	57.05	133,227
Terence N Deeks **Navigators Group**	50	6	6			—	—	—	—[2]	32.65	30,262
Lloyd E Cotsen **Neutrogena**	60	32	22	Princeton Harvard	BA MBA	1,150.0	30.4	—	1,180.4	38.50	280,564
Robert Shaye **New Line Cinema**	50	22	22	U of Michigan Columbia	BA JD	508.6	3.8	—	512.4	31.95	12,079
Chris H Horgen **Nichols Research**	42	13	13	Iowa State U of Southern Calif	BS MS	193.9	—	—	193.9	15.15	4,032

Stock prices as of Oct 16. *Includes family holdings. [1]Reflects proportional interest in shares of parent company. [2]CEO compensated through management consulting agreement, salary not available.

The 200 Best Small Companies' Chief Executives

Chief Executive Company	Age	—Years— with co	as CEO	Undergraduate graduate college	College degrees	—Compensation (000)— salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
Mark W Blackman **NYMagic**	37	12	1	Stanford Stanford	BA JD	—	—	—	—[1]	19.25%[2]	$33,876
Henry D Jacobs Jr **One Price Clothing Stores**	56	5	5	Babson College	BBA	$254.2	—	—	$254.2	32.99*	29,362
Charles F Hyde **Oshkosh B'Gosh Cl A**	69	41	22	Wesleyan U	BA	402.1	$58.2	—	460.3	3.11*†	15,446
David J Eskra **Pansophic Systems Inc**	48	10	5	St Mary's College (Minn)	BA	406.5	24.7	$126.4	557.6	0.92	2,278
Dominic P Toscani Sr **Paris Business Forms**	61	25	17	Bowdoin College U of Pennsylvania	BA LLB	304.0	5.0	—	309.0	34.90	11,486
Arthur Hershaft **Paxar**	52	29	2	Carnegie-Mellon	BS	260.0	4.0	—	264.0	32.18	10,521
Irving Levit **Penn Treaty American**	60	18	18			148.0	—	—	148.0[3]	56.73	24,034
A Pickens Butler **Piedmont Federal**	64	28	13	U of Georgia	BA	106.4	—	13.9	120.3	0.37	125
George R Whittemore **Pioneer Financial**	39	14	7	U of Richmond	BS	122.7	6.0	—	128.7	0.06	19
Peter W Nauert **Pioneer Financial Svcs**	46	21	6	Marquette George Washington	BS JD	611.0	17.8	—	628.8	26.73*	27,462
John F Cogan Jr **Pioneer Group**	63	27	26	Harvard Harvard	BS JD	420.5	—	—	420.5	17.28	24,166
James A Miller **Plains Petroleum**	55	1	1	Baylor	BS	100.4[4]	21.4	—	121.8	0.05	147
George M Klopfer **Polk Audio**	39	17	17	Johns Hopkins	BA	150.7	—	—	150.7	19.93	3,206
David J McDonnell **Preferred Health Care**	47	5	1	St Mary's (Md) U of Pennsylvania	BA DSW	165.0	—	—	165.0	0.08	62
Herbert Kurz **Presidential Life**	69	23	23	Brooklyn College	BA	459.6	—	—	459.6	32.13	125,558
George J Collins **T Rowe Price & Assocs**	49	18	5	Virginia Military Inst American U	BA MBA	592.3	30.0	—	622.3	3.59	13,432
Irwin Mautner **Programming & Systems**	56	30	26	Baruch College	BBA	511.5	144.6	—	656.1	25.76*	9,320
Burton A Dole Jr **Puritan-Bennett**	52	9	9	Stanford Stanford	BS MBA	422.0	2.2	777.0	1,201.2	0.83	2,046
Peter A Benoliel **Quaker Chemical**	58	28	23	Princeton	BA	416.1	7.5	32.2	455.8	14.60*	19,845
Jack Croco **Quality Food Centers**	64	31	31	Yale	BS	325.0	36.3	—	361.3	10.78*	29,955
John C Warner **Quiksilver**	42	3	2	U of Tulsa	BS	391.0	—	—	391.0	0.09	117
Thomas A James **Raymond James Financial**	47	23	20	Harvard Harvard	BA MBA	382.1	30.0	—	412.1	34.07*	32,036
Arthur A Riedel **Riedel Environmental Tech**	58	36	32			—	—	—	—[5]	55.97*	30,455

Stock prices as of Oct.16. *Includes family holdings. †Multiple stock classes have been combined. [1]Compensation from a management consulting pool, amount indeterminate. [2]Indirect ownership through Blackman's 50% ownership of 3 insurance companies. [3]Irving Levit also receives commissions from the Irv Levit Insurance Management operations. [4]Represents salary paid for a period less than 1 year. [5]Salary information not available.

The 200 Best Small Companies' Chief Executives

Chief Executive Company	Age	—Years— with co	as CEO	Undergraduate graduate college	College degrees	—Compensation (000)— salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
Alvin A McCall Jr **Ryan's Family Steak Houses**	62	12	10			$147.3	—	—	$147.3	4.46%	$18,621
Stuart C Siegel **S&K Famous Brands**	46	22	4	East Carolina	BS	486.0	$59.2	—	545.2	42.25	12,463
Henry B Pearsall **Sanford**	55	20	2	Amherst U of Michigan	BA JD	520.0	—	—	520.0	4.94	17,679
Mario Sbarro **Sbarro**	47	31	5			261.3	—	—	261.3	24.18	65,929
Marvin W Ozley **Sealright**	55	23	1	Southwest Mo State	BS	188.9	3.8	—	192.7[1]	1.68*	3,952
Paul B Shore **Shorewood Packaging**	68	23	23			582.5	20.6	—	603.1	14.44*	47,275
Thomas L Gregory **Sizzler Restaurants Intl**	54	15	9	Michigan State	BS	427.6	30.0	—	457.6	1.03	3,575
Fred M Gibbons **Software Publishing**	40	9	9	U of Michigan Harvard	BS MBA	305.0	29.9	—	334.9	6.05	12,506
Lawrence A Lemkuhl **St Jude Medical**	52	4	4	U of Iowa	BBA	330.6	30.0	—	360.6	0.47	4,729
Paul I Stevens **Stevens Graphics Cl A**	74	24	24			272.5	22.9	—	295.4	42.65*†	53,162
Ronald J Friedsam **Structural Dynamics Research**	46	3	3	NYU	BS	351.1	1.8	$208.5	561.4	0.34	546
John W Brown **Stryker**	55	12	12	Auburn	BA	325.0	22.7	—	347.7	4.81	21,296
James L Mann **SunGard Data Systems**	55	7	7	Wichita State	BS	329.2	7.3	—	336.5	0.94	1,988
Louis L Borick **Superior Industries Intl**	65	32	32			725.0	—	—	725.0	29.23	52,641
A Earl Swift **Swift Energy**	56	10	10	U of Oklahoma South Texas Col of Law	BS JD	197.7	55.7	—	253.4	6.43	2,698
Roger E Covey **System Software Assocs**	35	8	8	U of Illinois U of Chicago	BS MBA	150.0	—	—	150.0	35.25	68,850
John E Steuri **Systematics**	50	1	1	U of Kansas	BS	219.7	—	—	219.7	0.01	26
Frank D Hickingbotham **TCBY Enterprises**	53	8	8	U of Ark (Monticello)	BA	325.4	—	—	325.4	38.79	265,312
Thomas M Fulton **Tech-Ops Landauer**	55	12	2	Dartmouth	BA	202.5	—	—	202.5	1.56	2,096
Bernard F Start **Tech-Ops Sevcon**	51	12	2	SE London Tech Coll	BA	170.0	—	—	170.0	3.12	348
Victor A Rocchio **Technalysis**	62	22	22	U of Minnesota	BA	293.7	—	—	293.7	17.91	5,130
Roy E Hock **Technitrol Inc**	60	31	13	Wayne State U	BS	205.0	—	—	205.0	3.82	3,087
Lee A Ault III **Telecredit**	53	22	21	Yale	BA	375.1	4.8	212.0	591.9	0.51	1,991

Stock prices as of Oct.16. *Includes family holdings. †Multiple stock classes have been combined. [1]Pay reflects position of president and chief operating officer, not chief executive officer.

The 200 Best Small Companies' Chief Executives

Chief Executive Company	Age	—Years— with co	as CEO	Undergraduate graduate college	College degrees	——Compensation (000)—— salary + bonus	other	stock gains	total	—Stock owned— %	mkt value (000)
Arvin H Smith **Thermo Instrument Sys**	60	6	3	Texas Christian U	BA	$120.0[1]	—	—	$120.0	0.21%[2]	$562
William R Chaney **Tiffany & Co**	57	10	5	U of Kansas	BS	606.3	$100.0	—	706.3	2.41	18,463
Melvin J Gordon **Tootsie Roll Industries**	69	37	27	Harvard Harvard	BA MBA	516.0	30.0	—	546.0	19.03*	61,925
Richard W Ussery **Total System Services**	42	24	7	Auburn	BA	189.9	—	—	189.9	0.10[3]	417
Jack Tseng **Tseng Labs**	38	6	6	Spring Garden College	BS	87.2	—	—	87.2	50.94*	43,658
John P O'Leary Sr **Tuscarora Plastics**	68	27	27	Washington & Jefferson	BA	302.5	—	$0.8	303.3	7.14	4,891
Aldo A Croatti **Unifirst**	71	49	39			207.8	19.9	—	227.7	53.49	97,427
John Fanning **Uniforce Temp Personnel**	58	35	35			222.2	—	—	222.2	37.71	23,470
Alfred H Wilms **United Gaming**	45	6	5	U of Ghent	PhD	40.0	—	—	40.0[4]	48.13	44,319
Jon W Rotenstreich **United Investors Management**	46	6	3	U of Alabama	BS	406.6	19.8	—	426.4	0.06[5]†	430
Aaron D Spencer **Uno Restaurant**	58	10	10	Boston U	BS	177.9	—	—	177.9	53.88	47,142
Leon C Hirsch **US Surgical**	62	25	25			1,226.0	587.4	—	1,813.4	9.84	47,180
Bill L Fairfield **Valcom**	42	7	7	Bradley Harvard	BS MBA	317.5	—	—	317.5	0.99	454
Richard L Wellek **Varlen**	50	23	6	U of Illinois	BS	464.5	—	—	464.5	0.16*	166
Thomas K Reed Jr **Vivigen**	58	8	8	Ohio Wesleyan	BA	65.1	—	—	65.1	22.09	11,867
Timothy P Horne **Watts Industries**	51	30	11	Trinity College	BA	561.7	—	—	561.7	11.36[6]	50,337
William L Goggins **Wausau Paper Mills**	54	12	2	Marquette	BS	290.0	1.3	—	291.3	0.48	1,057
William R O'Dell **Wellington Leisure Prods**	55	21	19	Clemson	BS	175.4	5.6	—	181.0	0.22	154
Thomas M Duff **Wellman**	42	18	4	Rutgers	BA	410.0	44.1	—	454.1	1.39	14,838
Clarence L Werner **Werner Enterprises**	62	33	33			528.1	—	—	528.1	48.57	114,575
Kosti Shirvanian **Western Waste Inds**	59	25	25			246.9	—	—	246.9	47.37	67,441
James L Wolohan **Wolohan Lumber**	37	12	2	U of Notre Dame U of Michigan	BS MBA, CPA	253.4	141.3	—	394.7	1.45	1,706
Thomas M Owens **XL/Datacomp**	52	10	10	Loyola	BS	399.5	—	—	399.5	18.69	43,442

Stock prices as of Oct 16. *Includes family holdings. †Multiple stock classes have been combined. [1]Salary paid by parent company, Thermo Electron. [2]Shares held through a proportional interest in Thermo Electron. [3]Includes proportional holdings through Columbus Bank & Trust. [4]Director's fee. [5]Includes indirect ownership via Torchmark, the parent company. [6]Excludes shares held in family trusts.

Company Directory

This alphabetic listing of the 200 best small companies in America gives their headquarters locations and phone numbers. It also shows relative rankings of the companies by return on equity, sales, profits and market value. Use the five-year average ROE ranking to find a company in the tables beginning on page 220.

			Where they rank					
Company	Exch	Ticker symbol	5-year average ROE	sales	profits	market value	City, state	Telephone
Acuson	n	ACN	83	48	11	8	Mountain View, CA	415-969-9112
Acxiom	o	ACXM	158	117	137	113	Conway, AR	501-329-6836
AEP Industries	o	AEPI	112	91	131	144	Moonachie, NJ	201-935-6500
Allwaste	o	ALWS	2	87	98	45	Houston, TX	713-623-8777
Aloette Cosmetics	o	ALET	88	190	161	179	Malvern, PA	215-644-8200
American Fructose Cl A	a	AFCA	165	60	45	82	Stamford, CT	203-356-9000
American List	a	AMZ	39	200	180	167	Great Neck, NY	516-466-0602
American Software Cl A	o	AMSWA	96	119	62	49	Atlanta, GA	404-261-4381
American Travellers	o	ATVC	66	164	144	158	Warrington, PA	215-343-1000
Anthem Electronics	n	ATM	199	21	77	86	San Jose, CA	408-453-1200
Applied Bioscience Intl	o	APBI	192	148	143	117	East Millstone, NJ	201-873-2550
Applied Power	o	APWRA	142	45	41	48	Milwaukee, WI	414-781-6600
Arbor Drugs	o	ARBR	114	15	95	75	Troy, MI	313-643-9420
Atlantic Southeast Airline	o	ASAI	78	67	34	73	College Park, GA	404-996-4562
Autodesk	o	ACAD	27	75	9	5	Sausalito, CA	415-332-2344
J Baker	o	JBAK	1	14	96	83	Readville, MA	617-364-3000
Michael Baker	a	BKR	183	105	192	172	Beaver, PA	412-495-7711
Baldwin Technology Cl A	a	BLD	24	88	94	53	Stamford, CT	203-838-7470
Baldwin & Lyons Cl B	o	BWINB	178	92	50	108	Indianapolis, IN	317-636-9800
Ballard Med Prods	o	BMED	102	192	152	131	Midvale, UT	801-566-4693
BeautiControl Cosmetics	o	BUTI	20	157	138	122	Carrollton, TX	214-458-0601
BEI Electronics	o	BEII	72	130	118	132	San Francisco, CA	415-956-4477
BHA Group Cl A	o	BHAGA	70	143	148	102	Kansas City, MO	816-356-8400
Bio Medicus	o	BMDS	196	186	149	112	Eden Prairie, MN	612-944-7784
Biomet	o	BMET	103	79	24	10	Warsaw, IN	219-267-6639
Boston Acoustics	o	BOSA	51	182	170	169	Lynnfield, MA	617-592-9000
Buffets	o	BOCB	130	106	130	95	Eden Prairie, MN	612-942-9760
Cadence Design Systems	o	CDNC	92	109	39	22	San Jose, CA	408-943-1234
Calgon Carbon	o	CRBN	32	30	13	6	Pittsburgh, PA	412-787-6700
Cascade Corp	o	CASC	137	71	78	91	Portland, OR	503-227-0024
Catalina Lighting	a	LTG	17	153	185	151	Miami, FL	305-558-4777
CEM	o	CEMX	109	194	181	157	Matthews, NC	704-821-7015

a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter.

Company Directory

			Where they rank					
Company	Exch	Ticker symbol	5-year average ROE	sales	profits	market value	City, state	Telephone
Central Penn Finl	o	CPSA	169	154	136	191	Shamokin, PA	717-644-0861
Chili's Inc	n	EAT	150	20	66	52	Dallas, TX	214-980-9917
Chips & Technologies	o	CHPS	21	39	12	44	San Jose, CA	408-434-0600
Cintas	o	CTAS	115	32	31	16	Cincinnati, OH	513-489-4000
Circle Fine Art	o	CFNE	181	167	195	196	Chicago, IL	312-943-0664
Clayton Homes	n	CMH	105	46	55	92	Knoxville, TN	615-970-7200
Code Alarm	o	CODL	15	175	196	184	Madison Heights, MI	313-583-9620
Colonial Group Cl A	o	COGRA	7	123	92	109	Boston, MA	617-426-3750
Colonial Life & Acc Cl B	o	CACCB	179	26	18	55	Columbia, SC	803-798-7000
CPI	n	CPY	69	2	15	24	St Louis, MO	314-231-1575
Cracker Barrel Old Country Str	o	CBRL	193	64	85	62	Lebanon, TN	615-444-5533
AT Cross Cl A	a	ATXA	50	33	10	18	Lincoln, RI	401-333-1200
Crown Books	o	CRWN	175	57	88	105	Landover, MD	301-731-1200
Crown Crafts	a	CRW	52	103	117	142	Calhoun, GA	404-629-7941
DH Technology	o	DHTK	107	161	134	154	San Diego, CA	619-451-3485
Dataflex	o	DFLX	122	141	190	194	Edison, NJ	201-321-1100
Datron Systems	o	DTSI	180	159	150	178	Simi Valley, CA	805-584-1717
Deb Shops	o	DEBS	61	51	54	59	Philadelphia, PA	215-676-6000
Devcon Intl	o	DEVC	33	118	74	114	Deerfield Beach, FL	305-429-1500
Diagnostic Prods	n	DP	87	146	67	31	Los Angeles, CA	213-776-0180
Dress Barn	o	DBRN	23	31	43	41	Stamford, CT	203-327-4242
Duty Free Intl	o	DFII	47	129	115	63	Ridgefield, CT	203-431-6057
EA Engineering Sci & Tech	o	EACO	168	170	200	195	Hunt Valley, MD	301-771-4950
EMC Insurance Group	o	EMCI	190	90	82	137	Des Moines, IA	515-280-2511
Emcon Associates	o	MCON	110	169	155	136	San Jose, CA	408-275-1444
Engraph	o	ENGH	155	55	106	88	Atlanta, GA	404-329-0332
Escalade	o	ESCA	101	127	142	168	Evansville, IN	812-426-2281
Expeditors Intl	o	EXPD	65	62	103	94	Seattle, WA	206-246-3711
Fabricland	o	FBRC	145	121	162	170	Portland, OR	503-666-4511
Fair Isaac & Co	o	FICI	58	180	175	176	San Rafael, CA	415-472-2211
Fastenal	o	FAST	40	165	153	99	Winona, MN	507-454-5374
Fedders	n	FJQ	63	5	36	58	Peapack, NJ	201-234-2100
FFO Financial Group	o	FFFG	161	151	178	197	St Cloud, FL	407-892-1200
First Central Financial	a	FCC	166	185	157	164	Lynbrook, NY	516-593-7070
FlightSafety Intl	n	FSI	111	43	3	1	Flushing, NY	718-565-4100
Forest Labs	a	FRX	188	96	30	14	New York, NY	212-421-7850
Franklin Resources	n	BEN	5	35	1	3	San Mateo, CA	415-570-3000
Frontier Insurance Group	o	FRTR	64	147	105	135	Monticello, NY	914-794-8000
Arthur J Gallagher & Co	n	AJG	36	66	53	57	Rolling Meadows, IL	312-640-8500
Gantos	o	GTOS	108	47	129	89	Grand Rapids, MI	616-949-7000
Gendex	o	XRAY	151	179	186	190	Milwaukee, WI	414-769-2888
General Binding	o	GBND	191	25	52	25	Northbrook, IL	312-272-3700

a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter.

Company Directory

Company	Exch	Ticker symbol	Where they rank: 5-year average ROE	sales	profits	market value	City, state	Telephone
Gentex	o	GNTX	196	187	198	130	Zeeland, MI	616-772-1800
CR Gibson	a	GIB	173	149	184	160	Norwalk, CT	203-847-4543
Golden Valley Microwave	n	GVF	3	69	56	34	Edina, MN	612-835-6900
Greiner Engineering	a	GII	140	102	156	161	Irving, TX	214-869-1001
Groundwater Technology	o	GWTI	68	99	91	69	Norwood, MA	617-769-7600
Group 1 Software	o	GSOF	18	191	167	171	Greenbelt, MD	301-982-2000
Guardsman Products	n	GPI	146	59	113	123	Grand Rapids, MI	616-957-2600
G&K Services	o	GKSRA	132	98	104	85	Minneapolis, MN	612-546-7440
Hako Minuteman	o	HAKO	37	171	163	174	Addison, IL	312-627-6900
Harding Associates	o	HRDG	131	138	151	134	Novato, CA	415-892-0821
John H Harland	n	JH	59	4	2	7	Atlanta, GA	404-981-9460
Harleysville Group	o	HGIC	171	19	33	84	Harleysville, PA	215-256-5000
Hawthorne Financial	o	HTHR	95	100	65	120	Hawthorne, CA	213-973-6990
Heartland Express	o	HTLD	25	156	127	124	Coralville, IA	319-645-2728
Hilb Rogal & Hamilton	o	HRHC	22	144	133	127	Richmond, VA	804-289-5300
Hipotronics	a	HIP	73	176	165	186	Brewster, NY	914-279-8091
Homestead Holding	o	HMSD	104	181	187	199	Middletown, PA	717-944-1301
Hooper Holmes	a	HH	149	116	183	187	Basking Ridge, NJ	201-766-5000
Hunt Manufacturing	n	HUN	98	52	46	47	Philadelphia, PA	215-732-7700
Insituform Mid Amer Cl A	o	INSMA	30	178	191	155	Chesterfield, MO	314-532-6137
Insteel Industries	a	III	126	49	119	159	Mount Airy, NC	919-786-2141
Intellicall	o	INCL	41	135	159	126	Carrollton, TX	214-416-0022
Intermec	o	INTR	184	77	97	71	Lynwood, WA	206-348-2600
Intertrans	o	ITRN	119	74	139	141	Irving, TX	214-929-8888
Intervoice	o	INTV	129	193	135	78	Richardson, TX	214-669-3988
Intl Dairy Queen Cl A	o	INDQA	9	29	28	28	Minneapolis, MN	612-830-0200
Intl Recovery	a	INT	106	125	176	147	Miami Springs, FL	305-884-2001
JLG Industries	o	JLGI	195	89	107	150	McConnellsburg, PA	717-485-5161
Jan Bell Marketing	a	JBM	11	82	84	17	Fort Lauderdale, FL	305-846-8000
Kaydon	o	KDON	19	76	26	50	Muskegon, MI	616-755-3741
Keane	a	KEA	124	133	160	156	Boston, MA	617-241-9200
Kent Electronics	a	KEC	141	155	172	185	Houston, TX	713-780-7770
Legent Corp	o	LGNT	56	93	35	20	Pittsburgh, PA	412-323-2600
Lindsay Manufacturing	o	LINZ	29	107	114	163	Lindsay, NE	402-428-2131
Liqui-Box	o	LIQB	67	104	102	100	Worthington, OH	614-888-9280
LSI Lighting Systems	o	LYTS	121	139	146	149	Cincinnati, OH	513-793-3200
Luby's Cafeterias	n	LUB	90	22	17	23	San Antonio, TX	512-654-9000
Mail Boxes Etc	o	MAIL	42	183	177	138	San Diego, CA	619-452-1553
Marietta	o	MRTA	152	163	179	133	Cortland, NY	607-753-6746
Markel	o	MAKL	77	115	76	104	Glen Allen, VA	804-747-0136
McGrath RentCorp	o	MGRC	89	162	120	148	San Leandro, CA	415-276-2626
Medicine Shoppe Intl	o	MSII	116	173	111	81	St Louis, MO	314-993-6000

a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter.

Company Directory

			Where they rank					
Company	**Exch**	**Ticker symbol**	**5-year average ROE**	**sales**	**profits**	**market value**	**City, state**	**Telephone**
Medstat Systems	o	MDST	177	198	199	180	Ann Arbor, MI	313-996-1180
Mentor Graphics	o	MENT	194	1	8	15	Beaverton, OR	503-626-7000
Mestek Inc	n	MCC	76	61	101	145	Westfield, MA	413-568-9571
Met-Pro	a	MPR	187	166	166	143	Harleysville, PA	215-723-6751
Metcalf & Eddy Cos	o	METC	197	11	61	38	Branchburg, NJ	201-685-4500
Midwest Grain Products	o	MWGP	134	70	69	80	Atchison, KS	913-367-1480
Modern Controls	o	MOCO	85	197	188	188	Minneapolis, MN	612-560-2900
MS Carriers	o	MSCA	84	113	108	107	Memphis, TN	901-332-2500
Myers Industries	a	MYE	148	56	99	103	Akron, OH	216-253-5592
National Data	o	NDTA	127	27	29	37	Atlanta, GA	404-728-2000
National Pizza	o	PIZA	74	73	86	66	Pittsburg, KS	316-231-3390
Navigators Group	o	NAVG	185	150	100	116	New York, NY	212-809-3710
Neutrogena	o	NGNA	12	53	21	11	Los Angeles, CA	213-642-1150
New Line Cinema	a	NLN	43	126	141	173	New York, NY	212-239-8880
Nichols Research	o	NRES	49	145	168	193	Huntsville, AL	205-883-1140
NYMagic	o	NYMG	117	110	48	79	New York, NY	212-953-0580
One Price Clothing Stores	o	ONPR	8	120	140	119	Duncan, SC	803-439-6666
Oshkosh B'Gosh Cl A	o	GOSHA	34	13	14	21	Oshkosh, WI	414-231-8800
Pansophic Systems	n	PNS	154	50	44	60	Lisle, IL	312-505-6000
Paris Business Forms	o	PBFI	81	152	169	182	Burlington, NJ	609-387-7300
Paxar	a	PXR	170	128	164	183	Pearl River, NY	914-735-9200
Penn Treaty American	o	PTAC	38	184	147	165	Allentown, PA	215-965-2222
Piedmont Federal	o	PFSB	167	137	123	181	Manassas, VA	703-361-2121
Pioneer Financial	o	PION	135	134	27	177	Hopewell, VA	804-748-9733
Pioneer Financial Svcs	o	PFSI	189	7	72	110	Rockford, IL	815-987-5000
Pioneer Group	o	PIOG	31	140	64	93	Boston, MA	617-742-7825
Plains Petroleum	n	PLP	28	160	80	46	Lakewood, CO	303-969-9325
Polk Audio	o	POLK	53	174	194	198	Baltimore, MD	301-358-3600
Preferred Health Care	a	PY	48	189	158	128	Wilton, CT	203-762-0993
Presidential Life	o	PLFE	55	17	5	35	Nyack, NY	914-358-2300
T Rowe Price & Assocs	o	TROW	14	72	16	36	Baltimore, MD	301-547-2000
Programming & Systems	o	PSYS	143	172	171	175	Greenwich, CT	203-629-9401
Puritan-Bennett	o	PBEN	164	40	58	61	Overland Park, KS	913-661-0444
Quaker Chemical	o	QCHM	159	63	71	96	Conshohocken, PA	215-828-4250
Quality Food Centers	o	QFCI	44	16	75	51	Bellevue, WA	206-455-3761
Quiksilver	o	QUIK	6	131	121	98	Costa Mesa, CA	714-645-1395
Raymond James Financial	n	RJF	162	54	93	115	St Petersburg, FL	813-573-3800
Riedel Environmental Tech	a	RIE	125	122	174	152	Portland, OR	503-286-4656
Ryan's Family Steak Houses	o	RYAN	113	36	38	30	Greer, SC	803-879-1000
Sanford	o	SANF	46	86	40	39	Bellwood, IL	312-547-6650
Sbarro	a	SBA	82	85	73	54	Commack, NY	516-864-0200
Sealright	o	SRCO	35	58	68	65	Kansas City, MO	816-926-2000

a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter.

Company Directory

Company	Exch	Ticker symbol	Where they rank: 5-year average ROE	sales	profits	market value	City, state	Telephone
Shorewood Packaging	o	SHOR	10	84	59	42	New York, NY	212-371-1500
Sizzler Restaurants Intl	o	SIZZ	144	9	32	40	Los Angeles, CA	213-827-2300
Software Publishing	o	SPCO	91	101	57	72	Mountain View, CA	415-962-8910
St Jude Medical	o	STJM	93	83	7	4	St Paul, MN	612-483-2000
Stevens Graphics Cl A	a	SVGA	128	97	116	101	Fort Worth, TX	817-831-3911
Structural Dynamics Research	o	SDRC	174	112	109	87	Milford, OH	513-576-2400
Stryker	o	STRY	118	42	47	27	Kalamazoo, MI	616-381-3811
SunGard Data Systems	o	SNDT	147	81	70	70	Wayne, PA	215-687-8210
Superior Industries Intl	a	SUP	99	34	60	77	Van Nuys, CA	818-781-4973
Swift Energy	a	SFY	54	195	126	166	Houston, TX	713-874-2700
System Software Assocs	o	SSAX	13	111	89	74	Chicago, IL	312-641-2900
Systematics	o	SYST	71	41	42	32	Little Rock, AR	501-223-5100
S&K Famous Brands	o	SKFB	186	142	182	189	Richmond, VA	804-346-2500
TCBY Enterprises	n	TBY	45	80	19	12	Little Rock, AR	501-688-8229
Technalysis	o	TECN	75	188	189	192	Minneapolis, MN	612-925-5900
Technitrol Inc	a	TNL	97	108	110	129	Wyndmoor, PA	215-233-9500
Tech-Ops Landauer	a	TO	4	177	122	97	Glenwood, IL	312-755-7000
Tech-Ops Sevcon	a	TOC	139	196	197	200	Boston, MA	617-523-2030
Telecredit	o	TCRD	60	65	22	33	Los Angeles, CA	213-410-4600
Thermo Instrument Sys	a	THI	123	95	90	56	Waltham, MA	617-622-1000
Tiffany & Co	n	TIF	94	6	20	9	New York, NY	212-755-8000
Tootsie Roll Industries	n	TR	86	68	49	43	Chicago, IL	312-838-3400
Total System Services	n	TSS	62	136	87	29	Columbus, GA	404-646-2202
Tseng Labs	o	TSNG	16	168	125	125	Newtown, PA	215-968-0502
Tuscarora Plastics	o	TUSC	163	124	145	140	New Brighton, PA	412-843-8200
Unifirst	n	UNF	160	44	83	76	Wilmington, MA	508-658-8888
Uniforce Temp Personnel	o	UNFR	79	94	154	146	New Hyde Park, NY	516-437-3300
United Gaming	o	UGAM	100	132	124	118	Las Vegas, NV	702-435-4200
United Investors Management	o	UTDMK	172	18	4	13	Birmingham, AL	205-325-4200
Uno Restaurant	a	UNO	157	158	173	121	West Roxbury, MA	617-323-9200
US Surgical	n	USS	138	10	23	19	Norwalk, CT	203-866-5050
Valcom	o	VLCM	156	12	128	162	Omaha, NE	402-392-3900
Varlen	o	VRLN	182	28	79	111	Naperville, IL	312-420-0400
Vivigen	o	VIVI	153	199	193	153	Santa Fe, NM	505-473-4728
Watts Industries	o	WATTA	133	37	25	26	North Andover, MA	508-688-1811
Wausau Paper Mills	o	WSAU	80	8	37	68	Wausau, WI	715-845-5266
Wellington Leisure Prods	o	WLPI	176	114	132	139	Madison, GA	404-342-1916
Wellman	n	WLM	26	3	6	2	Shrewsbury, NJ	201-542-7300
Werner Enterprises	o	WERN	57	38	51	64	Omaha, NE	402-895-6640
Western Waste Inds	o	WWIN	200	78	112	90	Carson, CA	213-329-1425
Wolohan Lumber	o	WLHN	136	24	81	106	Saginaw, MI	517-793-4532
XL/Datacomp	o	XLDC	120	23	63	67	Hinsdale, IL	312-323-1200

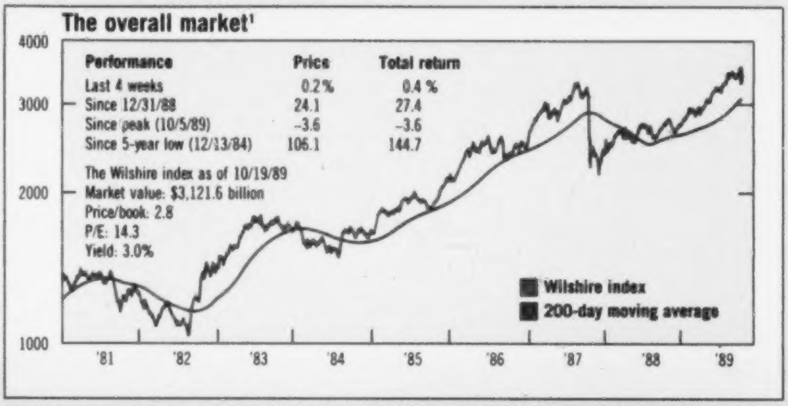
a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter.

The Forbes Wall Street Review

Edited by Eric S. Hardy

The crash that wasn't. For about an hour, the collapse of the UAL bid on Oct. 13 threatened a repeat of the Oct. 19, 1987 panic as the Dow fell 190 points. But the following Monday bargain-hunters prevailed and the Dow recouped almost half its Friday loss. On Oct. 19, the second anniversary of the 1987 crash, the Dow climbed 40 points, and the Wilshire index finished its two-week period with less than a 3% decline—although transports continued to fall (see below). The question now is: Do investors see only buying opportunities in sharp selloffs?

The overall market[1]



Performance	Price	Total return
Last 4 weeks	0.2%	0.4%
Since 12/31/88	24.1	27.4
Since peak (10/5/89)	–3.6	–3.6
Since 5-year low (12/13/84)	106.1	144.7

The Wilshire index as of 10/19/89
Market value: $3,121.6 billion
Price/book: 2.8
P/E: 14.3
Yield: 3.0%

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,397.03	–2.9%
Wilshire index 6,000 stocks, equal weighted	22.64	–3.0
Dow Jones industrials 30 stocks: divisor-adjusted price average	2,683.20	–3.3
S&P 500 Capitalization weighted cross-section, major stocks	347.13	–2.8
NYSE Capitalization weighted, all listed common stocks	192.17	–3.0
Amex Capitalization weighted total return: stocks, warrants	382.81	–2.9
Nasdaq Capitalization weighted, all issues except warrants	470.80	–2.1
Amex international market index Capitalization weighted, 50 largest ADRs	323.34	–5.2

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	969.00	–1.7%%
Institutional[3] Approximately 200 stocks with high institutional ownership	119.18	–5.0
Individual[3] Approximately 200 stocks with low institutional ownership	110.04	–4.2
Technology Hambrecht & Quist index	267.25	–0.7
Gold[4] (Composite quote of 6 major dealers)	$365.75	–0.6
Yen[4] (per $U.S.)	142.35	–0.3
Commodity index[4] (CRB futures index, 1967 = 100)	226.28	0.6
Oil[4] (W Texas Intermediate)	$20.77	4.1
T Bills[4] (90 days)	7.49%	–6 basis points[5]
Broker loan rate[4]	10.00%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Ogden Projects	29⅝	19%	NA	Signs contract for municipal waste management project
Wang Labs	5⅜	18	NA	Plans sale of nonstrategic assets to lighten debt load
Compaq Computer	111⅛	18	15	New notebook-size portable computers get good reception
Amgen	52⅝	15	NA	Prudential-Bache raises 1989 earnings estimate
Laidlaw Transport	21⅜	15	25	Reports fiscal 1989 earnings rose 32%, to $1 a share

The Worst Performing Stocks

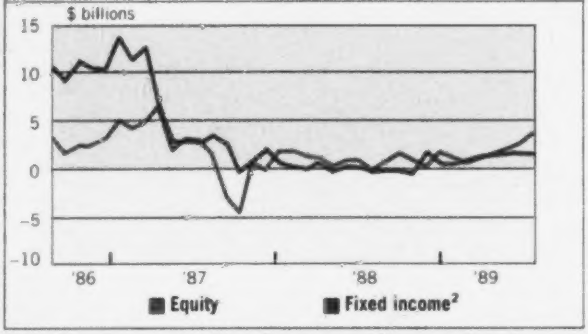
Company	Price	2-week change	P/E	Reason
UAL	190⅛	–32%	7	Inability to get financing causes collapse of $300-per-share, $6.2 billion acquisition by employees
AMR	73⅜	–27	8	Donald Trump withdraws $120-per-share takeover bid
Texas Air	14⅛	–20	NA	Bankruptcy restructuring plan for subsidiary, Eastern Air Lines, meets creditor resistance
Owens-Corning	27⅜	–20	6	Announces 26% earnings decline for third quarter, to 89 cents a share
Ryder System	22½	–19	12	Takes $57 million charge against earnings, resulting in third-quarter loss

Note: All data for periods ending 10/19/89. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above all have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point. NA: Not applicable.

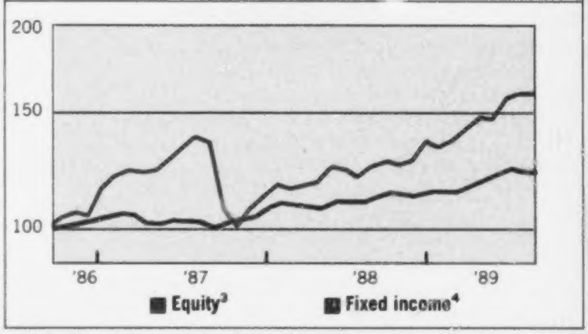
Mutual Fund Review

Edited by Tina Russo McCarthy

Sales[1]



Performance



Most fund surveys list the top performers for the last quarter or the last year. We at FORBES prefer to look at market cycles. Below are performances of the largest funds that have been around long enough to get a FORBES rating—that is, for at least two full market cycles. Also shown are results for rated funds that did the best over the last cycle.

For stock funds, the last cycle is a 25-month period that includes the 30% stock market drop from August to November 1987, and the subsequent 52% surge. Are all these funds sensible buys? Hardly. Four are funds that specialize in one industry sector; their performance is unlikely to be repeated. Only two on the list, Janus and United Income, are true all-weather performers.

For taxable bond funds the last cycle is a 64-month period that includes the up market from May 1984 to August 1986, and the bear market that followed. Several of the biggest government bond funds (such as Dean Witter's and Putnam's) are too new to be rated.

Net sales of both stock and bond funds are in positive territory, but nothing like they were three years ago. Before 1987, net sales of bond funds were running at triple the rate of stock funds. Since then, investors have been putting as much money into stocks as into bonds.

The Largest Funds

Fund	Forbes rating		Cycle[6] return	Assets[7] ($mil)
	up	down		
Equity[5]				
Fidelity Magellan Fund	A	B	21.6%	$10,757
Vanguard Windsor Fund	A	A	24.1	7,884
Fidelity Equity-Income Fund	C	A	19.8	4,802
Investment Co of America[1]	B	B	15.5	4,802
Fidelity Puritan Fund	A	B	18.8	4,681
Templeton World Fund	B	B	17.5	4,335
Pioneer II	B	B	10.6	4,156
Washington Mutual Investors	B	A	19.2	3,469
Affiliated Fund	C	B	6.1	3,469
Mutual Series-Mutual Shares	C	A+	30.7	3,414
Taxable Bonds				
Franklin US Govt Sec	D	D	92.4	11,455
Kemper US Govt Sec	C	D	93.2	4,372
Pru-Bache High Yield	C	B	83.9	2,863
Putnam High Yield	B	B	90.0	2,493
Franklin AGE High Inc	C	B	78.4	2,323

The Best Performers

Fund	Forbes rating		Cycle[6] return	Assets[7] ($mil)
	up	down		
Equity[5]				
Eagle Growth Shares	C	C	69.0%	$3
Janus Fund	B	A	45.0	494
Oppenheimer Gold & Mins	C	F	43.4	120
Pru-Bache Utility Fund	C	A	40.0	2,124
Natl Aviation & Tech	A	D	39.9	86
One Hundred Fund	B	D	37.8	12
Fidelity Select-Utilities	D	A	35.9	97
Alliance Quasar Assoc	A+	D	35.8	187
Scudder Capital Growth	A	C	34.1	829
United Income Fund	A	A	33.6	1,387
Taxable Bonds				
Vestaur Sec	A	C	141.3	91
Fort Dearborn Income Sec[7]	A+	D	140.7	107
Current Income Shares	A	D	137.2	46
Transamerica Income Shares	A+	B	133.7	122
Lincoln Natl Dir Placement	D	A+	129.3	71

Note: To be rated, equity funds must be in existence since 6/30/83; bond funds, 9/30/81. [1]Monthly net sales of open-end funds. Net sales are purchases by investors, including reinvested dividends, less redemptions. [2]Includes tax-free and foreign bond funds. Source: Investment Co. Institute. [3] Index of total return for the 25 largest stock funds in 1986. [4]Index of total return for the 25 largest taxable bond funds in 1986. [5]Includes balanced funds. [6]Cumulative total return (not annualized), for one market cycle: equity, 8/31/87 to 9/30/89; bonds, 5/31/84 to 9/30/89. [7]As of 6/30/89.

C 3950-1

HOW JON HUNTSMAN SWINGS GIANT DEALS WITHOUT CA

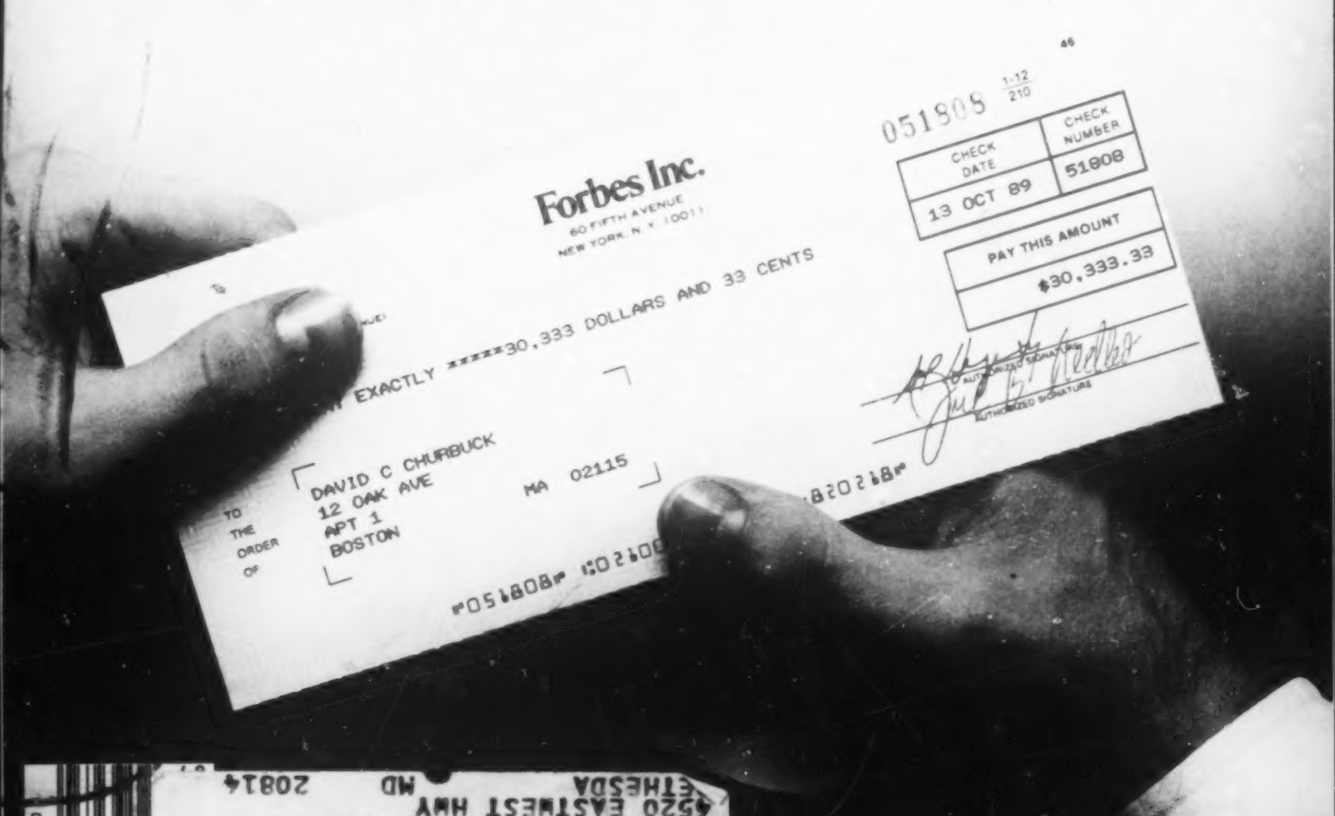
RUPERT MURDOCH ON THE ARROGANCE OF THE CULTURE ELITE

NOVEMBER 27, 1989 THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THIS CHECK IS A FAKE

Computers are user-friendly for crooks, too.
Are bankers prepared? Apparently not.



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BOSTON MA 02115

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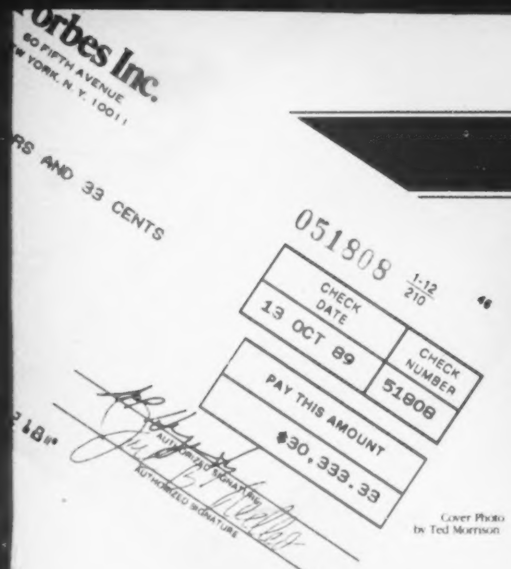

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Cover Photo by Ted Morrison

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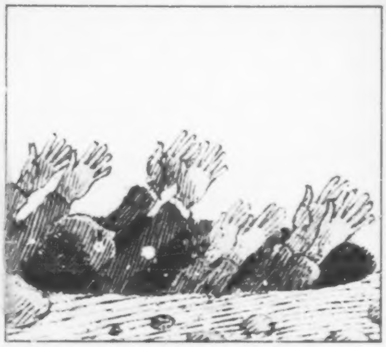

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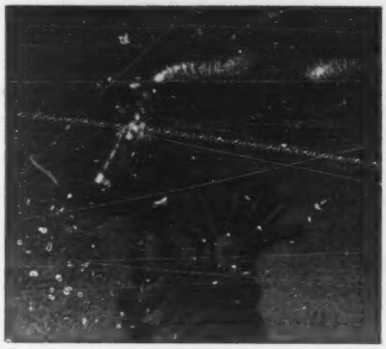

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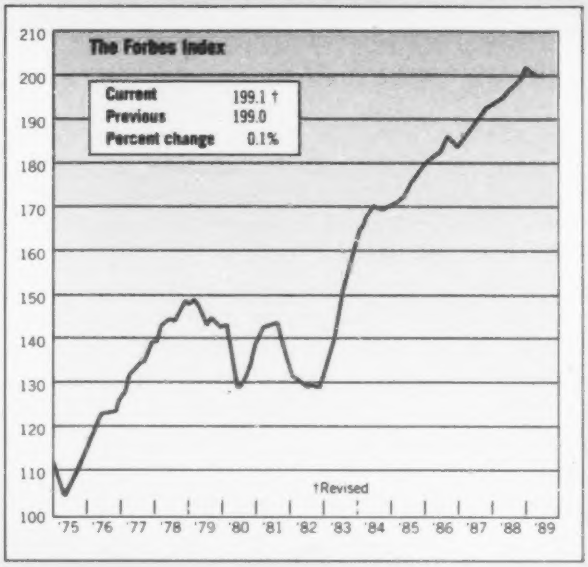
The Forbes Index



Jobs and income. Both are important components of economic health indicators like the Forbes Index. Recent action on minimum wage law will probably have conflicting effects. The compromise between the Administration and Congress calls for an increase in the hourly minimum to $4.25, which will boost income for those at the bottom rung but reduce the number of low-wage workers who can get or keep jobs. In October the unemployment rate held steady at 5.3% as 233,000 new jobs were created. Income for now looks a little weaker. Net of inflation, personal income was up 1.6% in the first nine months of this year, against 4.7% in the same period last year.

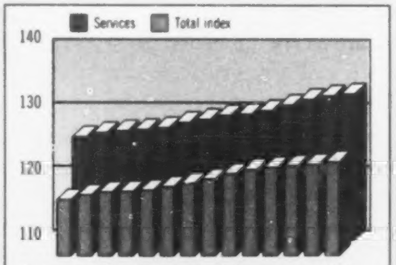
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.5%
Auto sales[1] year to date vs. 1988	Ward's Automotive	-3.5%
Index of leading indicators September vs. August	Dept. of Commerce	0.2%
Trade balance last 12 months	Dept. of Commerce	-$112 bil
Producer price index[2] September vs. 1988	Dept. of Labor	4.5%
GNP est 3rd quarter vs. 2nd—annualized growth	Dept. of Commerce	2.5%

[1] U.S. based manufacturers only as of 10/31/89. [2] Finished goods.

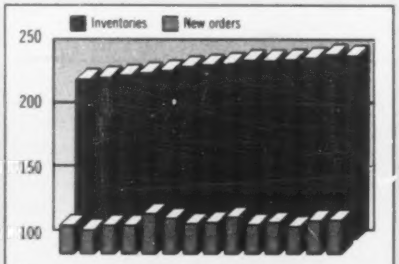
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

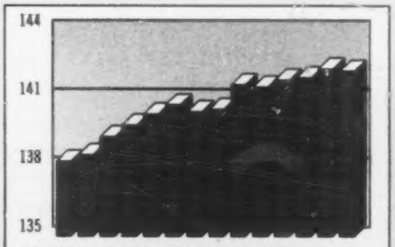
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



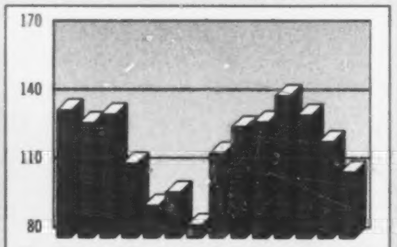
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



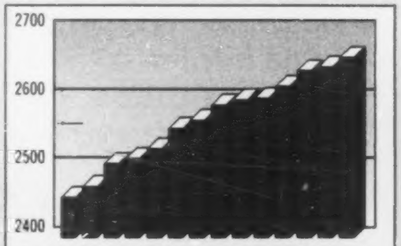
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



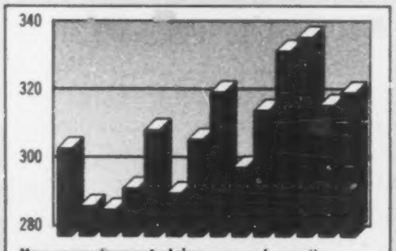
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



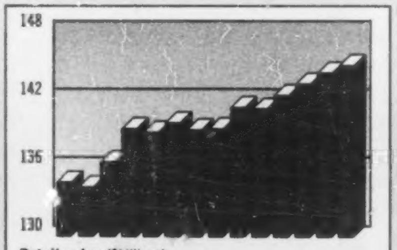
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



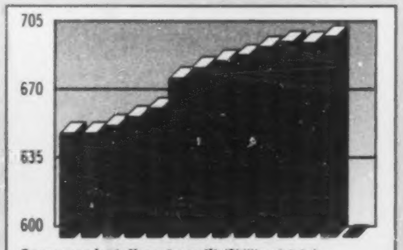
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

Forbes

The smart money isn't taking on debt these days; it is getting ready to grab bargains the second time around on overpriced and overburdened deals that collapsed.

Be wise, equitize

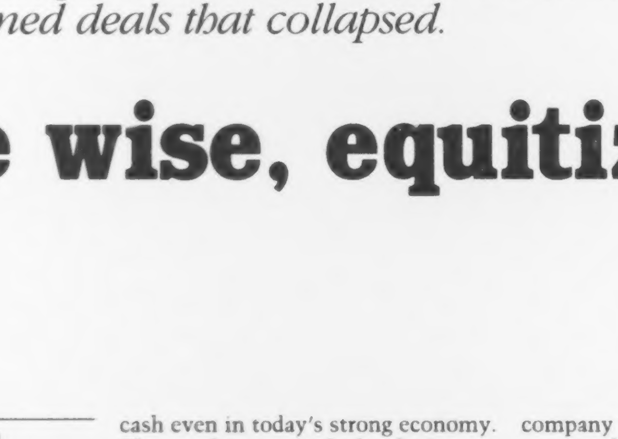
By Phyllis Berman
with Katherine Weisman

HERE'S HOW A DENIZEN of Wall Street explains the collapse of the junk bond market:

"There are the brain surgeons on Wall Street. And there are student interns. Those people putting the junk deals together in 1983 and 1984 were brain surgeons. Today the junk deals are being done by interns."

The veteran player says it in a tone of disgust, the disgust a disciplined pro feels toward greedy but sloppy latecomers. Because too many of the recent deals have been botched, he says, the junk bond market has all but collapsed. Junk bond yields now command a premium of more than seven percentage points over Treasury bonds, as against a more normal 4% or so. Why? Because the bad deals have given all the deals a bad name.

Ralph Dominguez/Globe Douglas Kirkland/Sygma Eddie Adams/Sygma



Wise men (l. to r.) Michael Milken, Ted Turner, Ronald Perelman
The deleveraging of U.S. business has already started.

His point is that most of the highly leveraged deals made by Michael Milken and Drexel Burnham in their heyday were sound, and could be financed out of cash flow and easy asset sales at least so long as the economy stayed good. Of course, some of Milken's later deals were not so sound. And many takeovers and buyouts done recently are financed as much on hope as on cash even in today's strong economy. They make sense only for the investment bankers, who earn huge fees from them.

It isn't junk financing per se that has produced the collapse but people willing to do a deal at any price, with little regard for fundamentals.

Assuming this judgment is correct, what now? Will the deals stop? Obviously not. But they will be structured with much more equity and equity equivalents. The deleveraging of U.S. business has already started.

"Deleveraging is going to be the buzzword of the Nineties," says Robert Willens, senior vice president at Shearson Lehman Hutton.

One clear example involves Turner Broadcasting, a huge entrepreneurial company that has expanded in recent years with heavy junk bond financing. In the past few months Ted Turner has quietly but effectively deleveraged his company.

Starting in August Turner refinanced well ahead of maturity all of its $1.4 billion in long-term debt. In doing so, it lengthened the average maturity of its debt from 7 to 11 years and cut its average interest rate from 14% to 11%.

Of the Turner refinancing, $200 million was in zero coupon debentures, convertible into common at a 15% premium over the market price on the day the deal closed. If these zero convertibles aren't equity, we don't know what is.

Merrill Lynch sold these zero converts for Turner. Even though these require no cash interest payments, they yield Turner a tax deduction for federal income tax purposes; the debentures are cash positive for the company rather than a cash drain.

Turner is not alone in deleveraging. Holiday Corp. announced in August that it would effectively get rid of most of its debt. It will do so by swapping its Holiday Inns to Bass Plc. in the U.K. in return for an assumption by Bass of $2.1 billion in Holiday debt and a modest amount of Bass stock.

The successor company, renamed Promus and owning Holiday's remaining assets, will have just $1 billion in debt.

Ronald Perelman, who became a billionaire after Michael Milken raised the money to finance Perelman's purchase of Revlon, has been deleveraging, partly through asset sales. Revlon's remaining assets are probably worth $3 billion, as against a remaining debt of just $1.5 billion. This is a far cry from the almost 100% debt ratio Perelman assumed at the time of the takeover.

"You're going to see a lot of these deleveragings over the next few years," asserts Willens of Shearson.

The list goes on and on. American Communications recently deleveraged by swapping $52 million of debt for 4.3 million shares of common stock. Tonka Toy Co. proposed a public offering of 6.5 million shares of common to repay debt incurred in the acquisition of Kenner Parker Toys.

Then there's Safeway. The big grocery chain went private in a Kohlberg Kravis Roberts leveraged buyout in 1986, has since paid its debt down from $5.7 billion to $3.1 billion, and is now expected to do a public offering.

What's going on here? Have all these shrewd operators suddenly seen the errors of their debt-prone ways? That's not it at all. Many of the formerly leveraged who are now deleveraging were clients of Michael Milken. While Milken is seen by the public as the king of junk bonds, the truth is that he always believed in flexible financing. In his recent speeches he has said that a company should use whatever form of financing is the cheapest and most advantageous at any time. It happened that when Milken was starting out, debt was relatively cheap and equity was dear, so he advised clients to raise money via junk bonds. But times change. The stock market is much higher than in 1985, while junk bonds are harder to sell. The net result is that equity is cheaper than junk.

Milken recently said, "Bankers just keep 'Xeroxing' the deals of 1985. But today it no longer makes sense to copy the deals of the early 1980s, when the spread in some cases between Treasurys and the junk bonds issued was 2% rather than the present 6% or 7%. "Raising the yield on a deal from 16% to 17% doesn't make it a better credit," says Milken, critical of those who think sweetened yields will make unsound deals sound.

Not every business, Milken says, is suitable for leveraging. He cites natural resources, for example. "There is no steady, dependable stream of cash flow," says Milken. Leveraging up the airlines may also be a mistake.

Stocking up again

Leveraged buyouts and stock buybacks have, of late, taken huge amounts of equity off the market. But in the past sales of common stock have been a big source of capital for industry. The situation varies widely year by year. In 1980, for example, U.S. industry sold $17 billion in net new equity capital; the following year it bought back $9 billion more in equity than it sold. This table shows major peaks and troughs in net equity issuance. Note that peaks frequently, but not always, coincide with relatively high and rising stock markets. The tide seems to be turning again. While the numbers aren't in for 1989, indications are that equity withdrawal has dropped sharply from last year. The orgy of corporate debt creation seems to be ending. Equity is back in favor.

	Year	Net equity issuance ($bil)*	Dow	
			high	low
Trough	1948	$1.1		165.39
Peak	1961	3.3	734.91	
Trough	1965	0.8		840.59
Peak	1972	15.1	1036.27	
Trough	1979	–4.1		796.67
Peak	1980	17.4	1000.17	
Trough	1981	–8.5		824.01
Peak	1983	30.8	1287.2	
Trough	1988	–117.2		1879.14
Peak	?	?	?	?

*Issuance of public corporate equity, less retirements in repurchases and mergers.

Sources: *Federal Reserve Bank; The Dow Jones Investor's Handbook*

That's what the bankers thought, too, when they pulled the plug on the $300-a-share UAL takeover.

Of his current leaning to equity rather than debt, Milken adds: "This is no reversal. I've always maintained that markets change. This is not a change in philosophy at all. Today a company needs to be capitalized with equity or equity-oriented securities that are closer to government rates."

The excessive use of bridge loans by investment bankers is also drawing criticism. To land a deal and the juicy fees associated with it, bankers will use their own money as part of the down payment. This is intended as a bridge between closing the deal and getting longer-term outside financing later. It is not unlike a real estate broker's offering to lend a buyer part of the down payment to get a deal done. It involves the banker in an enormous risk for which the commission may or may not compensate him.

In total, about $20 billion in bridge financing has been extended since year-end 1988; at any one time there is about $6 billion outstanding. Drexel, with some $500 million in bridges, and First Boston, with more than $700 million, are among the most active in advancing bridge loans.

Some of the bridge loans are already in trouble. First Boston's Ohio Mattress leveraged buyout involved a $450 million bridge from the investment banker. The investment firm has tried, twice, unsuccessfully to sell junk bonds to refinance the bridges.

Put it this way: Brokers with bridge exposure might find themselves long-term creditors.

The dangers for the clients can be even worse. Bridges were designed with an effective incentive built in to force managements to pay them off as quickly as possible—a kind of tightening of the screw. The interest rate ratchets up quickly—to as much as 50 basis points per quarter. Lacking cash flow to service debt and overpriced to begin with, some of these bridge-financed deals will collapse.

Milken says—and many others agree—that the high-priced deals of the past year or so using bridge financing and junk will lead to bargain opportunities for those who have cash or spare borrowing capacity.

This trend has clearly started already. When the richly priced takeover by Robert Campeau of Federated Department Stores started to sink this summer, the cash-loaded Reichmanns of Toronto stepped in with a low-priced loan in return for equity. Campeau's bad deal, put together for him by the famous Bruce Wasserstein, could well turn out to be a good deal for the Reichmanns.

Revco, a $1.5 billion Salomon Brothers leveraged buyout, sank in 1988 under debt that cash flow couldn't support. One of the Bass brothers has expressed interest in buying Revco for $925 million. First time around it was clearly overpriced, the second time probably a bargain.

Without any doubt, there will be many more such refinancings involving equity infusions into overleveraged situations. Aware of this, a lot of smart money is getting liquid.

An expectation of coming bargains is probably the motivation behind recent raisings of equity capital by people who don't need it. Warren Buffett's Berkshire Hathaway recently sold $400 million in convertible bonds. Laurence Tisch's Loews Corp. sold $432 million in convertibles. Neither Loews nor Berkshire needed the money to pay off debt, because neither is leveraged. But both clearly felt this was a good market for selling equity equivalent. Buffett said so: "The best time to buy assets may be when it is hardest to raise money."

It's a good bet that Tisch and Buffett will put some of the money to work when the bad leveraged deals start to fall apart.

In their expectations of a nationwide switch away from debt and back toward equity, Michael Milken and Warren Buffett have history on their side. As the table on page 39 shows, there have been waves of debt financing and waves of equity financing in the past. When the stock market gets relatively high, people use equity financing. When stock prices are relatively low, the smart business person borrows rather than sells stock. It's the way markets work. And woe betide latecomers to the leverage table. The deleveraging of America is under way, not because politicians or moralists said leverage was bad, but because of simple arithmetic. ■

Chairman Roger Smith says GM's market share is about to rebound, profits could explode, Jaguar was a sure loser and Washington is crazy.

"1990 will be the year of the General"

By Jerry Flint

THERE HASN'T BEEN a lot of good news about General Motors lately, so we decided to start the interview with Chairman Roger Smith on a positive note. We remarked that if it could get its U.S. market share back up, GM could earn as much as $10 billion—$16 a share—in a single year.

"You got it," says Smith. "Let me tell you, we could be making that today if I didn't have to pay all those rebates and incentives. They're up in the area of $6 billion this year."

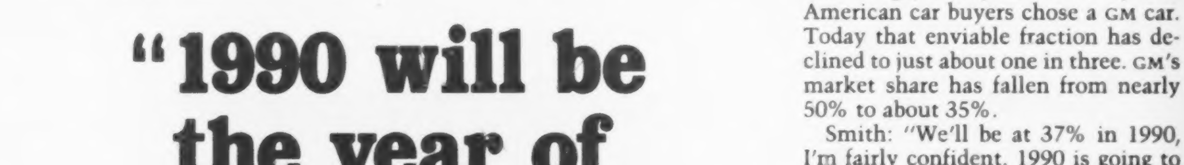
As Roger Smith enters his last year as GM chairman, he maintains that the auto giant's worst problems are behind it, that the new models beginning to emerge from GM's design center will win back lost customers. This, combined with the cost-cutting measures Smith has taken over the past few years, could produce tremendous profit growth.

Is this a pipe dream? Less than a decade ago, nearly one in every two American car buyers chose a GM car. Today that enviable fraction has declined to just about one in three. GM's market share has fallen from nearly 50% to about 35%.

Smith: "We'll be at 37% in 1990, I'm fairly confident. 1990 is going to be the year of the General. Our share of the truck market has gone up five percentage points with our new truck, and if we can do that in trucks, we can do it in cars. We took our eye off the ball, there's no question about that. But we've got it back.

"Now is that a guarantee? Can I cash it in at the bank? No. Other people out there are working just as hard."

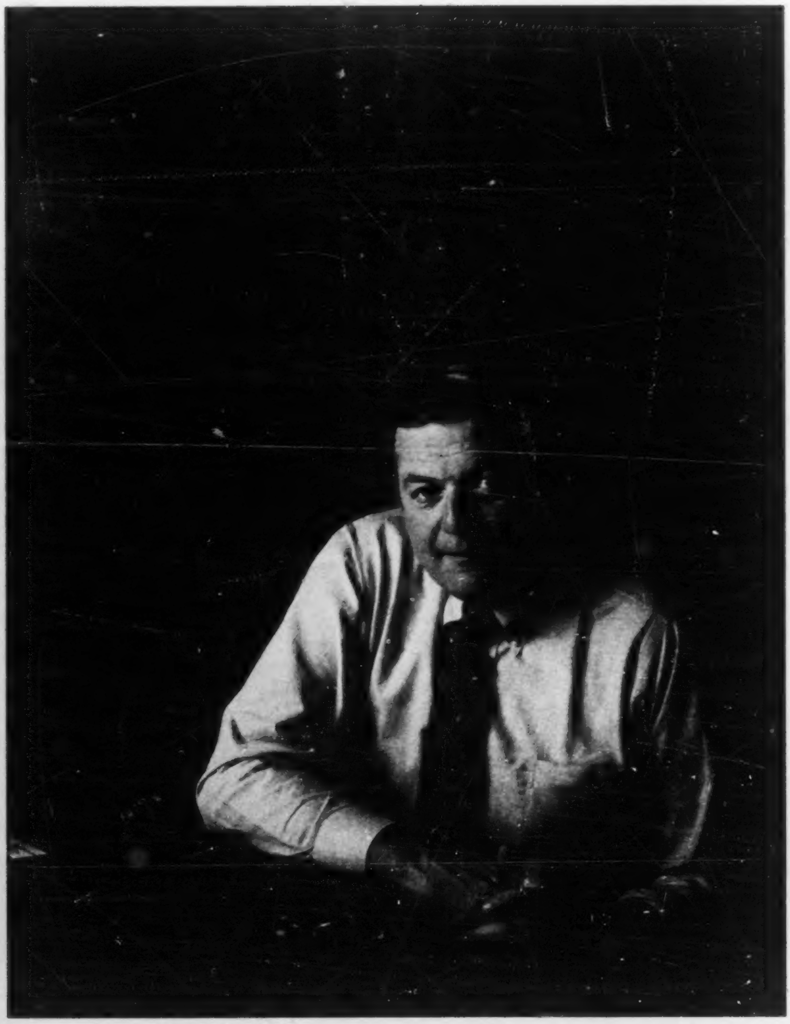
But here's the goal: Smith says GM aims to operate its factories at 100% of capacity by 1992. That's important because the tens of billions Smith spent automating and modernizing factories won't fully pay off until the


Jim Dunne/Popular Mechanics
Jim Dunne/Popular Mechanics

For GM, no more look-alikes.
Oldsmobile's 1990 minivan, the 1991 Saturn, and (right) the 1992 Pontiac Bonneville.

For mighty, lagging Chevron, the takeover threats may or may not be real. Chairman Ken Derr can't ignore them.

Can Ken Derr turn Chevron around?



Chevron Chairman Kenneth Derr
Can he use the threat as an excuse to do tough things?

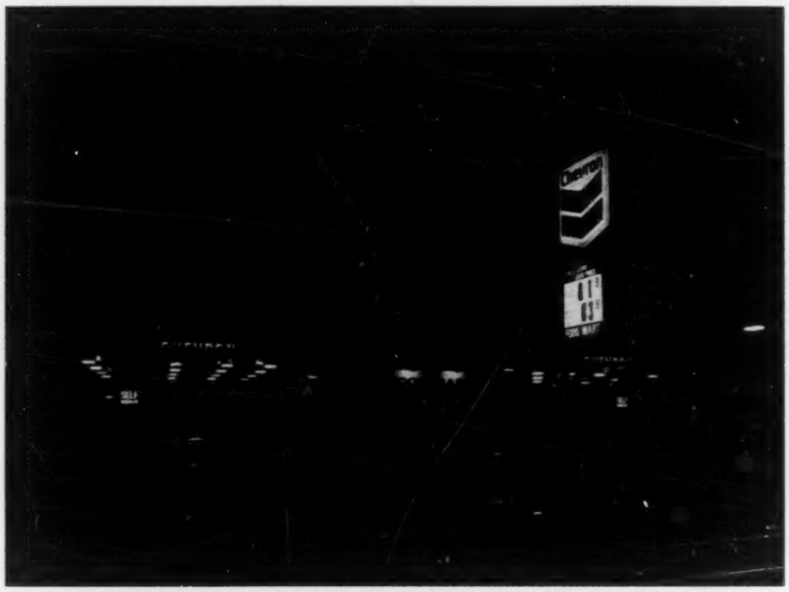
By Toni Mack

IN SEPTEMBER analyst Frederick Leuffer of C.J. Lawrence, Morgan Grenfell issued a report suggesting that Chevron Corp. should be restructured, whether voluntarily or by a raider. That's all it takes in this market eager for whispers about takeovers. Since then, the stock has made the Big Board's most active list nearly every day and has risen 18% to a recent 68⅝, an alltime high. More than 15% of Chevron's 342 million outstanding shares changed hands in little over a month. Who's buying—a raider, or just speculators hoping for a raider? Unclear.

Unclear, too, for Kenneth Derr, a Cornell University M.B.A. graduate who took Chevron's helm as chairman and chief executive officer in January. A 29-year company veteran, Derr, 53, succeeded George Keller, who ran the company for nearly eight years but never acknowledged that anything was wrong with Chevron. Derr, by contrast, concedes readily that Chevron has been something of an industry laggard.

But can he turn the company around? Chevron, with nearly $35 billion in assets, is the nation's third-largest oil company, after Exxon and Mobil. But size is Chevron's only distinction. In no respect does its performance rank with the industry's best.

Take refining and marketing. Chevron is the U.S.' biggest refiner, but its profit per barrel of refined product sold ranked eighth in the industry in 1988, according to Leuffer's calculations. The leaders, Amoco and Atlantic Richfield, earned almost twice Chevron's $1.30-per-barrel profit.



A renovated station in St. Matthews, S.C.
Aiming for more gasoline sales and wider profit margins.

Part of the reason: Chevron's U.S. refinery yield is only 42% gasoline, a high-margin product, compared with more than 50% for Amoco and Arco. Most of the other 58% of the oil Chevron refines goes to less profitable products like diesel fuel and residual fuel oil. The reason for this low gasoline yield is that many of Chevron's refineries need to be revamped. So Derr is now spending about $100 million to increase gasoline yield at one refinery, and has begun the permitting process for a possible $1 billion-plus overhaul of another.

On the marketing front, Derr is spending $800 million to close nearly 1,300 obsolete service stations and build or renovate 722 more. These moves, he has said, should increase Chevron's gasoline sales through its company-controlled stations by better than 25% by 1993 and widen profit margins.

Unfortunately, Derr seems less concerned about flaws in Chevron's exploration unit. Chevron once had a reputation as a superb finder of oil and gas—Saudi Arabia's vast reserves in 1938, for instance. But more recently the company has had trouble finding enough oil and gas to replace what it produces. As a result, its reserves declined. In 1984 Chevron spent over $13 billion to buy Gulf, a move that almost doubled its reserves, but since then the decline has resumed. Since 1984 Chevron has replaced only 82% of its production, despite paying $2.6 billion for Tenneco's reserves in the Gulf of Mexico last year. Chevron's reserves have withered by 5%, or 280 million barrels.

Contrast this with the Royal Dutch/Shell Group, which added enough new oil and gas to replace 123% of its production over the last four years; in other words, the Royal Dutch group added five barrels for every four barrels it used up.

And where Chevron spent about $6.60 for every barrel of oil it has added since 1984, Royal Dutch spent only $4.38, according to oil experts John S. Herold, Inc. (The overall industry average is $5.56.)

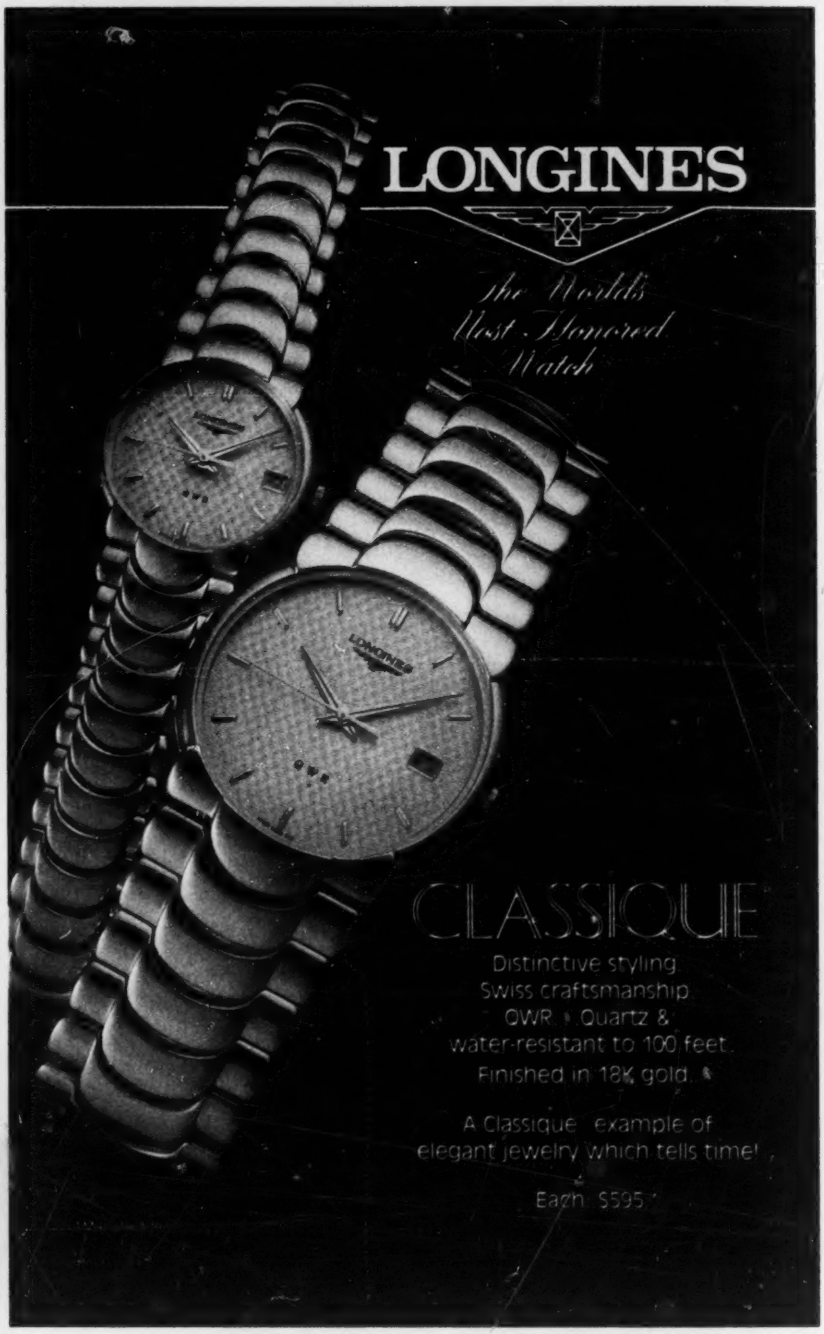
Part of the problem may be that Chevron is overmanned. Last year it earned only $33,600 per employee, compared with $59,700 for Arco and $52,100 for Exxon. But Derr has said nothing publicly about making substantial cuts in Chevron's 53,675-per-

Lackluster

Despite Chevron's huge size, shareholder returns have been disappointing for years. The company reports they are improving. Now, with its price/earnings ratio spurting up to 17.9, investors apparently expect those returns to get even better. Question is, will it take a hostile raider to accomplish that?

			—Latest 12-month—		——5-year average——		
Company	**1988 sales ($bil)**	**Recent price**	**EPS**	**P/E**	**return on capital[1]**	**shareholders' return[2]**	**total Yield**
Amoco	$21.1	47¾	$3.64	13.1	10.6%	13.7%	4.0%
Atlantic Richfield	18.3	102⅛	11.05	9.2	12.8	20.2	4.4
British Petroleum	46.9	56⅞	6.00	9.5	9.7	26.4	6.1
Chevron	25.1	68⅜	3.83	17.9	7.0	12.2	4.1
Exxon	79.5	46	3.11	14.8	13.6	25.4	5.2
Mobil	48.1	56	4.50	12.4	6.8	16.6	4.6
Royal Dutch Petroleum	79.2	65¾	7.60	8.7	11.1	27.3	4.3
Shell Transport & Trading	79.2	40⅛	4.27	9.5	11.1	23.9	4.7
Texaco	33.5	52½	9.52	5.5	5.4	14.3	5.7

[1] Source: CJ Lawrence, Morgan Grenfeil. [2] Stock appreciation, assuming reinvested dividends. Source: Royal Dutch/Shell Group.



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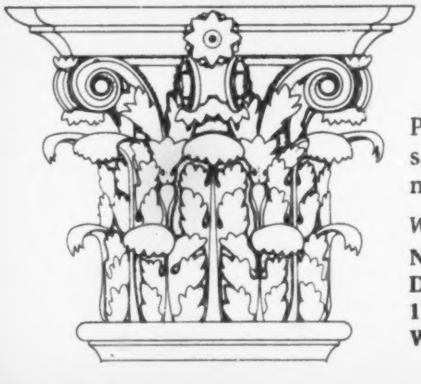

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Derr has been frank, however, in admitting that something needs to be done about raising Chevron's profitability, which clearly trails the industry *(see table, p. 52)*.

Confession may be good for the soul, but it doesn't solve problems. In Chevron's case, its underlying problems will require shaking up the company's clubby, "this-is-the-way-we've-always-done-it" culture. Derr has made a start. He has decentralized management and set performance goals for each worker.

This, of course, is the slow way to turn a company around: from the bottom up. Derr's plans will likely take years to produce results. Derr may not have years. Not only breakup artists but also other big companies in search of expansion stalk the oil patch these days. Rumored buyers for Chevron have included British Petroleum, known to covet West Coast refining and marketing assets, something Chevron has in abundance; Pennzoil, flush with $2 billion cash from its Texaco settlement; and most recently Kuwait, which has invested billions of dollars in BP.

Derr's plans will likely take years to produce results. Derr may not have years. Not only breakup artists but other big companies stalk the oil patch. Rumored buyers for Chevron have included British Petroleum, known to covet West Coast refining and marketing assets; Pennzoil, flush with $2 billion; and even Kuwait.

Derr has one strong card: Chevron is so big that taking it over would strain the bankroll of almost any prospective acquirer. To buy Chevron at a modest 25% premium to its recent price would require $29 billion. Even a 15% stake, about the size that gave Carl Icahn leverage over Texaco, would cost around $3.5 billion. But, then, nothing is impossible in an era when RJR Nabisco fetched $26 billion.

Put it this way: The threat of a takeover, totally realistic or not, certainly serves as a goad for doing something fairly drastic about Chevron's backwardness. It can also, if Derr is tough-minded enough to use it, serve as a rationale for doing some hard things and firing a lot of people. As Samuel Johnson once said, "When a man knows he is to be hanged in a fortnight, it concentrates his mind wonderfully." ■

from. Thus, if your business involves occasionally handing out small refund or payment checks to strangers, move those payments through a checking account with a very small balance. Keep a separate account for larger payments to known and trusted vendors. If the crook uses a refund check as the template for printing an $18,000 fake, he may overdraw the account, triggering an inquiry that may just come in time to catch him.

Bank customers have less immediate reason to fear check counterfeiting than the banks do. Absent some real negligence by the bank customer (such as not doing reconciliations promptly), the loser on a forgery is the bank that accepts it as a deposit. But in the final analysis the losers will be the customers. Forgery losses will inevitably be passed along in the form of higher fees or lower interest rates paid. And if you were put out by all the cross-examining you got last time you walked into a bank to open a new account, brace yourself. Next time it will be a lot worse. ■

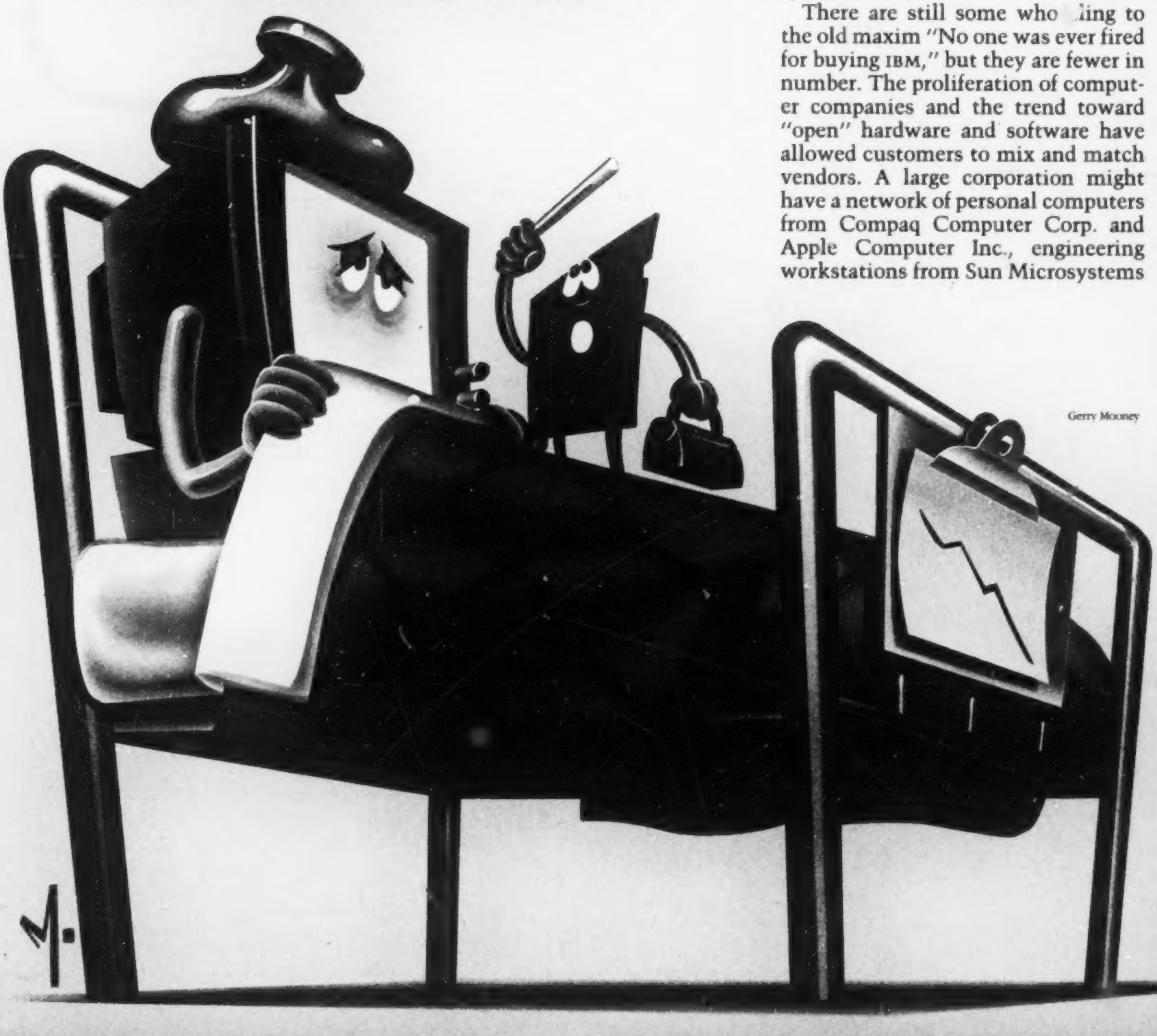
Buying a computer system from one company has drawbacks. But at least you know whom to blame if the system fails.

Is there a doctor in the house?

By Julie Pitta

NOT LONG AGO, one-stop shopping was the philosophy of the conservative computer buyer. You'd buy your mainframe, storage disks, printers, video display terminals and software from one vendor—IBM if you were really conservative, or perhaps Burroughs or NCR or one of the others. The drawback of being locked into one supplier: high prices. The advantage: knowing whom to blame if the system crashed.

There are still some who cling to the old maxim "No one was ever fired for buying IBM," but they are fewer in number. The proliferation of computer companies and the trend toward "open" hardware and software have allowed customers to mix and match vendors. A large corporation might have a network of personal computers from Compaq Computer Corp. and Apple Computer Inc., engineering workstations from Sun Microsystems



Gerry Mooney

Publicly traded networkers

With an intial public offering last February, Network General Corp. joined these publicly traded companies that exclusively sell local area networking products. IBM, Hewlett-Packard and Digital Equipment Corp. are among the computer companies that also offer networking products.

Company/business	Recent price	Last —12 months— EPS	P/E	Revenue* (mil)
Network Systems/software and hardware for local-area-network-to-host computer communications	7⅝	$0.37	20.6	$127
Novell†/software and printed circuit boards for local area networks	28½	1.26	22.6	293
SynOptics Communications/wiring systems to connect computers into networks	19½	1.10	17.7	40
3Com/software and printed circuit boards for local area networks and terminal-to-host communications	11	0.97	11.3	318
Vitalink Communications/network bridges that allow computers to communicate over long distances	18	1.05	17.1	40

*Calendar 1988 revenue from network product sales only. †Acquired Excelan ($64 million sales), a manufacturer of hardware and software for connecting personal computers into local area networks, in 1989.

Source: Dataquest, San Jose, Calif.

Inc. and printers from Hewlett-Packard Co., all connected to large host computers from IBM or Digital Equipment Corp.

All this is great for the comparison shoppers in the purchasing department, but a big headache for troubleshooters. Enter Network General Corp. of Mountain View, Calif., founded by computer industry veteran Harry Saal in 1986. Network General sells software that allows customers to diagnose failures in a work group known as a local area network. With worldwide revenues for U.S. local area network suppliers expected to reach $6.5 billion in 1989, according to market researcher Dataquest Inc., Saal, 45, has targeted a lucrative niche. So far, his company's only competitors have been Excelan, a company recently acquired by Novell Inc., and Hewlett-Packard, which has not aggressively marketed its diagnostic package.

The electronic standards by which computers talk to one another should, in principle, make the parts of a local network fully interchangeable. And that should, in principle, make diagnostics as simple as replacing one part at a time until the problem stops. The only problem with standards is that everyone has one. And when a problem occurs—say, a personal computer on the network freezes—chances are that the computer vendor will blame the problem on the company that supplied the networking software, and vice versa. "Our philosophy was to be vendor independent," says Mark Rosenberger, a programming specialist at a Chrysler engineering department in Highland Park, Mich. "We buy from 10 to 20 vendors. The problem is that when something goes wrong—one of these boxes doesn't want to talk to another—there's an awful lot of finger-pointing that goes on."

It would be logical for any of the firms supplying networking equipment, either hard or soft, to sell diagnostic aids. (A network's hardware consists of a central computer that acts as "server" for the PCs hanging off it, plus add-on circuit boards inserted into each PC.) But 3Com Corp. and Novell, the leading companies that are exclusively in the network business, have yet to incorporate network management features in their software. When, or if, they do, it's not expected to put an end to problems of customers using large, complicated computer networks. "Network management strategies don't work in multivendor environments," explains Lee Doyle, industry analyst for market researcher International Data Corp. And 3Com and Novell will likely support only their own products.

Network General's Sniffer doesn't come cheap. Running on either a Toshiba or Compaq portable computer, the software package costs an average of $20,000. A portable computer running Sniffer software is designed to be transported to the trouble spot where it is plugged into the network. By looking at the portable's screen, the customer can then monitor the functions of the network: how often files are being sent and which computer users are communicating via the network. It allows the user to spot where the slowdowns or failures are occurring. With that information in hand, it can then target the hardware or software causing the problem.

But, Saal says, the Sniffer is not designed for a small company with a single network and a tight budget. "The way to avoid being a Network General customer is to stay small," he jokes. Network General has targeted large corporations with sophisticated networks. The average local area network crashes twice a month; by Saal's estimate, that computer downtime can mean a fortune in lost productivity or angry customers. Chrysler's Rosenberger attests to that fact: "If our workstations are down, we're losing $50 an hour per designer. At those rates, the Sniffer has more than paid for itself." Using the Sniffer, Rosenberger was able to isolate a problem within the operating system of a workstation. Since then, the vendor has fixed the software bug.

Saal concedes that many of his customers have purchased the Sniffer postdisaster. "People don't invest in our product until they've had a problem," he admits. "There's an awful lot of naiveté out there, an 'It's not going to happen to me' mentality."

These shell-shocked survivors accounted for $12.9 million in revenues for Network General's fiscal year ended Mar. 31. The company did almost that much volume in just the first half of fiscal 1990. The stock is a standout winner among new technology issues of recent years, having doubled from its $8-a-share February initial public offering, from which the company raised $10 million. (It raised another $12 million in a subsequent offering in July.) At a recent $19 per share, it's riding on high expectations at 34 times earnings.

Saal will likely expand Network General's offerings from diagnostic tools for local area networks into those for other kinds of communications, such as a connection between personal computers and mainframes over a wide area network. The future looks bright. "The drop-dead scenario for Network General is if we rolled the clocks back to the 1950s, when customers bought everything from vendor X," Saal says. "But I don't foresee any magic that's going to make those things work all of the time." ■

Science & Technology

Edited by Gary Slutsker

Biotech companies are being chased out of their home in Germany and are fleeing to a research haven in the U.S.

Brain drain

Steve Johnson

By Ronald Bailey

FOR THE PAST four years, Hoechst A.G., one of West Germany's leading chemical and pharmaceutical companies, has been blocked from using its mostly built $38 million ultramodern biotechnology factory outside Frankfurt to produce recombinant human insulin. This plant has sparked passionate opposition from Germany's powerful antibiotechnology movement, which has ground industrial biotechnology in Germany virtually to a halt. Hoechst has reconciled itself to keeping its "museum factory" in mothballs for perhaps two more years. Meanwhile Eli Lilly & Co., the American pharmaceutical giant, continues to sell throughout Germany recombinant human insulin that it makes in the U.S.

Hoechst is hardly alone in battling the sometimes explosive antibiotech crowd. In 1985 the prestigious Max Planck Institute in Cologne was bombed by antibiotech terrorists. The institute, one of Germany's most important scientific research centers, still regularly receives bomb threats from groups opposed to genetic engineering, although these days it is protected by high fences and patrolled by guard dogs.

Since the Planck Institute bombing, antibiotech protests have become frequent items on the evening news programs. For example, in September, 1,400 antibiotech protesters came in busloads from all over Germany to attend a local hearing in Marburg at which they opposed an application by Hoechst's Behringwerke pharmaceuticals subsidiary to make recombinant erythropoietin, a protein used to treat anemia that is approved as a drug in the U.S. The graffiti that protesters scrawled across a wall in Marburg denounced "Behringwerke fascism."

The emotional protests come from a loose federation of groups, including the powerful Green Party. The Green

Germany's loss, our gain

Getting approval to set up a biotech factory is no easy task in West Germany, where Green Party protesters can use local regulations to throw up roadblocks. Chancellor Helmut Kohl has promised national regulatory reform this year, but biotech firms aren't holding their breath. Instead, they are investing overseas.

Company	U.S. location	Investment ($mil)	Employees	Description
BASF	Massachusetts	$60.0	250	New biotech lab
Bayer	West Haven, CT	125.0	300	Expansion of existing biotech lab
Bayer	Berkeley, CA	NA	NA	Biotech production plant
Henkel	Santa Rosa, CA	6.2[1]	115	New biotech lab
Hoechst	Boston, MA	60.0	100[2]	Molecular biology grants to Mass General Hospital

[1] Facility equipment and improvements to leased property. [2] Estimated MGH staff supported by Hoechst grants. NA: Not available.

Party's political platform calls for a total ban on biotechnological research, development and production. Gene technology promises to be a hot electoral issue in next year's national elections, and West German biotechnology companies dread a possible coalition of Greens (who now receive around 10% of the vote) and former Chancellor Helmut Schmidt's Social Democrats.

All this uncertainty has virtually paralyzed Germany's fledgling biotech industry. Explains Arnold Heins, vice president of research at Henkel Group, the Düsseldorf-based chemical maker: "There are some pharmaceutical companies who are not able to go on with their genetic engineering projects because of the current regulatory restraints."

In public, the chemical companies are putting up a valiant fight, but it is clearly an uphill battle. Though they are uneasy about discussing it, most of Germany's larger pharmaceutical companies are shifting their biotech operations out of Germany. Increasingly they are moving biotech research and manufacturing facilities to the U.S., investing hundreds of millions of dollars in the process.

Take the story of German chemical giant BASF Group (1988 sales, $24 billion). For over a year its Knoll pharmaceutical subsidiary has been prevented from manufacturing the cancer-fighting substance tumor necrosis factor in Ludwigshafen. Just this September BASF announced that it is building a $60 million biomedical R&D facility in Massachusetts. It will employ 250 people, including 60 scientists, and conduct cancer research. BASF's annual report notes: "On account of the uncertainty about legislation in the Federal Republic of Germany, we reconsidered our choice of site and decided on the U.S."

German chemical company executives are lobbying hard for a federal regulatory framework for biotech products that eliminates much of the current uncertainty. But they're not holding their breath. "West Germany has the most restrictive regulation of production plants in the world," says Ernst Truscheit, director of biotechnology research for Bayer, A.G. (1988 sales, $22 billion).

But Bayer isn't waiting around for the rules to change. Last year it decided to situate its two largest genetic engineering research labs in West Haven, Conn. Over the next five years Bayer will more than triple its biotech R&D expenditures, from $80 million to $270 million, but much of that money will go to labs in the U.S. and Japan. Bayer Chairman Hermann Strenger declared in a recent speech, "We see the U.S. as the region of emphasis in genetic engineering."

Until December 1986 Henkel (1988 sales, $5.6 billion) had conducted all of its research at its headquarters laboratories in Düsseldorf. But when it came to setting up a lab for genetic engineering research, Henkel didn't take any chances. It set up a brand-new facility in Santa Rosa, Calif., staffing it with 115 people.

So far, Hoechst appears to be the lone holdout, refusing to situate biotech labs outside Germany. But even Hoechst is hedging its bets. With a mothballed factory in Frankfurt, it has invested over $60 million in molecular biology research at Massachusetts General Hospital over the last eight years. In return Hoechst gets first look at Mass General research results.

West Germany's regulatory muddle is certainly hurting German industrial competitiveness. Hoechst board member Hansgeorge Gareis succinctly notes, "Modern pharmaceutical research without gene technology is just nonsense." Ernst Afting, head of research at Hoechst, concurs, "If we are delayed by two years by the approval process and the competitor has already reached the market, it's very difficult for us to place an innovative drug."

West Germany has no legal restrictions on recombinant DNA research. For example, universities have little difficulty getting approval to conduct recombinant genetic experiments. However, research and commercial development of genetically engineered products are tightly linked. If a company wants to produce so much as a gram of a recombinant substance for commercial distribution, a grueling approval process kicks in.

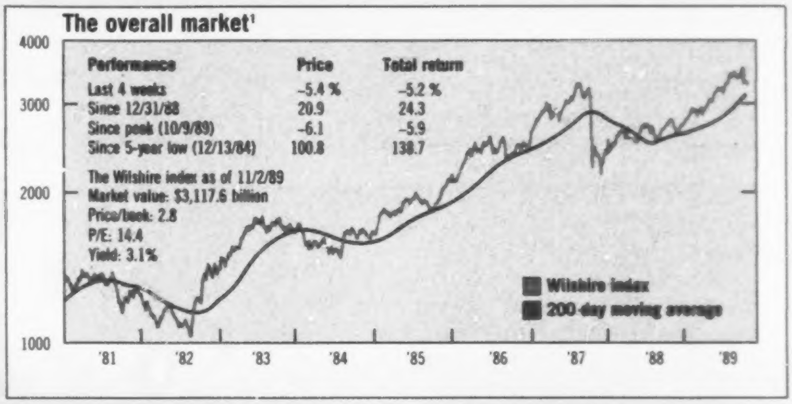
Up to now, biotech regulation has occurred at the local level, with requirements varying among the ten German states. Earlier this year, however, the lower house of the German legislature, the Bundestag, passed a new "gene law" that would give biotech regulatory authority to one federal agency, the ministry of health. Though the measure is by no means pro-industry, it's an improvement over the current regulatory morass. Alas, a coalition of Greens and Social Democratics blocked its passage in the Bundesrat, the upper legislative house, and sent it back to the Kohl government for further consideration.

Chancellor Helmut Kohl has pledged to pass legislation regulating biotech by the end of this year, but nobody in the biotech industry is betting on it. In the meantime, Germany will keep watching some of its leading companies invest abroad in one of the most vital technologies around. Their loss, our gain. ■

The Forbes Wall Street Review

Edited by Eric S. Hardy

Investors decided that they were better off with safe stocks. That's one reason utilities have been beating the market averages recently. The Dow Jones utility index bucked the market and gained 2.2% during the two-week period ended Nov. 2; the Dow industrials were off 1.9%. Higher-yielding issues, like utilities, look even more attractive now that a capital gains tax cut seems unlikely. Gold stocks have also done well. Daniel A. Roling, an analyst with Merrill Lynch, says the recent junk bond debacle may have scared some investors into the precious metals.


The overall market[1]

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,500 stocks, capitalization weighted	3,309.75	–2.6%
Wilshire index 6,500 stocks, equal weighted	21.91	–2.1
Dow Jones industrials 30 stocks: divisor-adjusted price average	2,631.56	–1.9
S&P 500 Capitalization weighted cross-section, major stocks	338.48	–2.5
NYSE Capitalization weighted, all listed common stocks	187.64	–2.4
Amex Capitalization weighted total return: stocks, warrants	371.40	–3.0
Nasdaq Capitalization weighted, all issues except warrants	453.140	–3.8
Amex international market index Capitalization weighted, 50 largest ADRs	314.78	–2.6

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	957.50	–1.2%
Institutional[3] Approximately 200 stocks with high institutional ownership	114.56	–3.9
Individual[3] Approximately 200 stocks with low institutional ownership	107.51	–2.3
Technology Hambrecht & Quist index	250.59	–6.2
Gold[4] (Composite quote of 6 major dealers)	$381.00	4.2
Yen[4] (per $U.S.)	143.20	4.2
Commodity index[4] (CRB futures index, 1967 = 100)	227.31	0.5
Oil[4] (W Texas Intermediate)	$19.98	–3.2
T Bills[4] (90 days)	7.81%	32 basis points[5]
Broker loan rate[4]	10.00%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Great Northern Nekoosa	62	59%	16	Georgia-Pacific offers $3.5 billion, or $58 per share, to acquire company
Echo Bay Mines	14¼	18	34	Price of gold hits three-month high
FMC Gold	12	17	12	Price of gold hits three-month high
LAC Minerals	11⅝	16	26	Announces significant increase in gold and zinc reserves; price of gold hits three-month high
Newmont Gold	42⅝	16	42	Third-quarter earnings rise 23%, to 30 cents a share; price of gold hits three-month high

The Worst Performing Stocks

Company	Price	2-week change	P/E	Reason
Telecom USA	28½	–23%	23	PaineWebber lowers fiscal 1990 earnings estimate; Hurricane Hugo impacts major customer base
Computer Associates Intl	11⅛	–22	12	Second-quarter earnings decline
HomeFed	34⅛	–21	6	Makes $23 million provision for loan loss reserves
Compaq Computer	89⅛	–20	11	Announces fourth-quarter earnings will be below expectations
Pinnacle West Capital	9⅛	–20	NA	Omits dividend; third-quarter earnings decline 91%

Note: All data for periods ending 11/2/89. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization-weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Morgan Stanley Capital International Perspective. [3] A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4] Knight-Ridder Financial Information. [5] A basis point is equal to one-hundredth of a percentage point. NA: Not applicable.

Forbes/TUCS Institutional Portfolio

Edited by Steve Kichen

Who made the most money?		
Investment	**Value of $10,000 invested 9/29/79**[1]	**Change last quarter**
Institutional equity account[2]	$44,480	9.3%
Institutional balanced account[2]	39,389	5.4
Institutional fixed income account[2]	28,912	1.1
Wilshire index	46,881	10.1
S&P 500	49,022	10.7
Shearson Lehman Govt & Corp	29,698	0.9
Treasury index	23,720	2.0

Segment performance and cash flows		
	Most recent quarter	
Segment	**median total return**	**shift in institutional holdings**
Equity	10.4%	–1.6%
Fixed income	1.0	–0.7
Cash equivalents	2.2	6.1
Convertibles	4.6	–0.1
Other[3]	2.7	0.1
Total	6.8	–1.3

Professional money managers have turned their attention north. During the last quarter they were heavy buyers of Canadian stocks. Of the dozen major issues (market capitalization over $1 billion) that showed significant increases in institutional ownership, almost half are Canadian. This information comes to us from Santa Monica-based Wilshire Associates' Trust Universe Comparison Service, which monitors $400 billion in pension assets held in 4,000 portfolios.

The TUCS sample represents approximately a quarter of total U.S. pension plan assets. In the TUCS universe, for example, TransCanada Pipeline was held in only 12 portfolios at the start of the quarter but in 51 portfolios at the end of the quarter. Other Canadian issues on the TUCS institutional buying list: Brascan Ltd., Laidlaw Transportation, MacMillan Bloedel and Echo Bay Mines.

Most of the major stocks that showed significant institutional selling still managed to post positive returns for the quarter. Georgia Gulf, for instance, had a total return of 41% but was cleared out of 26 portfolios. "It looks like a case of the institutions taking some profits while they had the opportunity," says Dale Stevens, a vice president at Wilshire Associates.

Eliminated from the lists below are issues with pending acquisition activity. For instance, during the last quarter the institutions cut their UAL holdings in half as the carrier was closed out of over 100 portfolios. A month later there were 257 other portfolio managers in the TUCS system who wished that they, too, had sold UAL to the arbitragers.

What the institutions bought and sold

Big stocks[4]

Stock bought	Total quarter return	P/E	Stock sold	P/E	Total quarter return
Berkshire Hathaway	31.2%	23.6	American Greetings A	30.4%	21.2
Brascan Ltd	–0.5	9.7	American Petrofina	–10.6	6.9
Continental Bank	7.6	4.7	Consolidated Papers	6.0	11.2
DPL	7.4	9.8	Crestar Financial	14.1	10.4
Echo Bay Mines Ltd	12.4	31.8	General Motors E	5.7	16.0
Laidlaw Transport B	30.4	25.7	Georgia Gulf	41.4	6.9
MacMillan Bloedel Ltd	15.3	7.2	Gulf States Utilities	18.2	NM
National Health Labs	10.8	18.0	Kelly Services	10.6	18.4
Newmont Gold	12.2	36.8	KLM Royal Dutch Airlines	13.1	8.5
EW Scripps A	–2.2	24.5	Sun Microsystems	–10.3	20.1
TransCanada Pipeline	18.7	NM	Texas Utilities	4.8	8.0
Turner Broadcast Sys A	36.8	NM	WM Wrigley Jr	–3.5	17.5

Secondary stocks[5]

Stock bought	Total quarter return	P/E	Stock sold	Total quarter return	P/E
Advanced Medical Tech	–19.9%	NM	Bernard Chaus	40.0%	NM
ALC Communications	0.0	NM	Graco	–0.7	10.6
Arkansas Freightways	0.0	16.5	Home Intensive Care	13.5	12.5
Colorocs	53.3	NM	Immunex	46.2	NM
Executone Info Sys	37.5	NM	Immunomedics	–3.1	NM
Forum Group	15.3	NM	Iowa Southern	5.3	9.3
Golden Poultry	–9.4	7.9	Liqui-Box	1.2	15.5
Healthdyne	100.0	NM	Metro Airlines	23.7	NM
Heritage Media A	–24.4	NM	Metropolitan Financial	11.2	6.9
Lesco	39.8	31.6	Orange-Co	–1.2	28.1
Marsh Supermarkets	20.0	15.2	Pathe Communications	–19.4	NM
Western Co North America	36.0	NM	PharmaKinetics Labs	–23.7	18.8

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[1] Total return. [2] Includes cash. [3] Real estate, foreign investments, venture capital, guaranteed income contracts. [4] Stocks with $1 billion or more in market capitalization at start of quarter. [5] Stocks with market capitalization between $40 million and $200 million. NM: Not meaningful.

Note: What the institutions bought and sold measures the change in the institutional holdings as a percentage of a stock's total capitalization, net of price changes. Data for quarter ending 9/30/89. Prepared by the Trust Universe Comparison Service (TUCS), a service of Wilshire Associates, Santa Monica, Calif.

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WHY SMART INVESTORS LOSE NO SLEEP OVER PROGRAM TRADING

THE 400 LARGEST PRIVATE COMPANIES IN AMERICA

CBS

PAYS OFF BIG FOR SONY

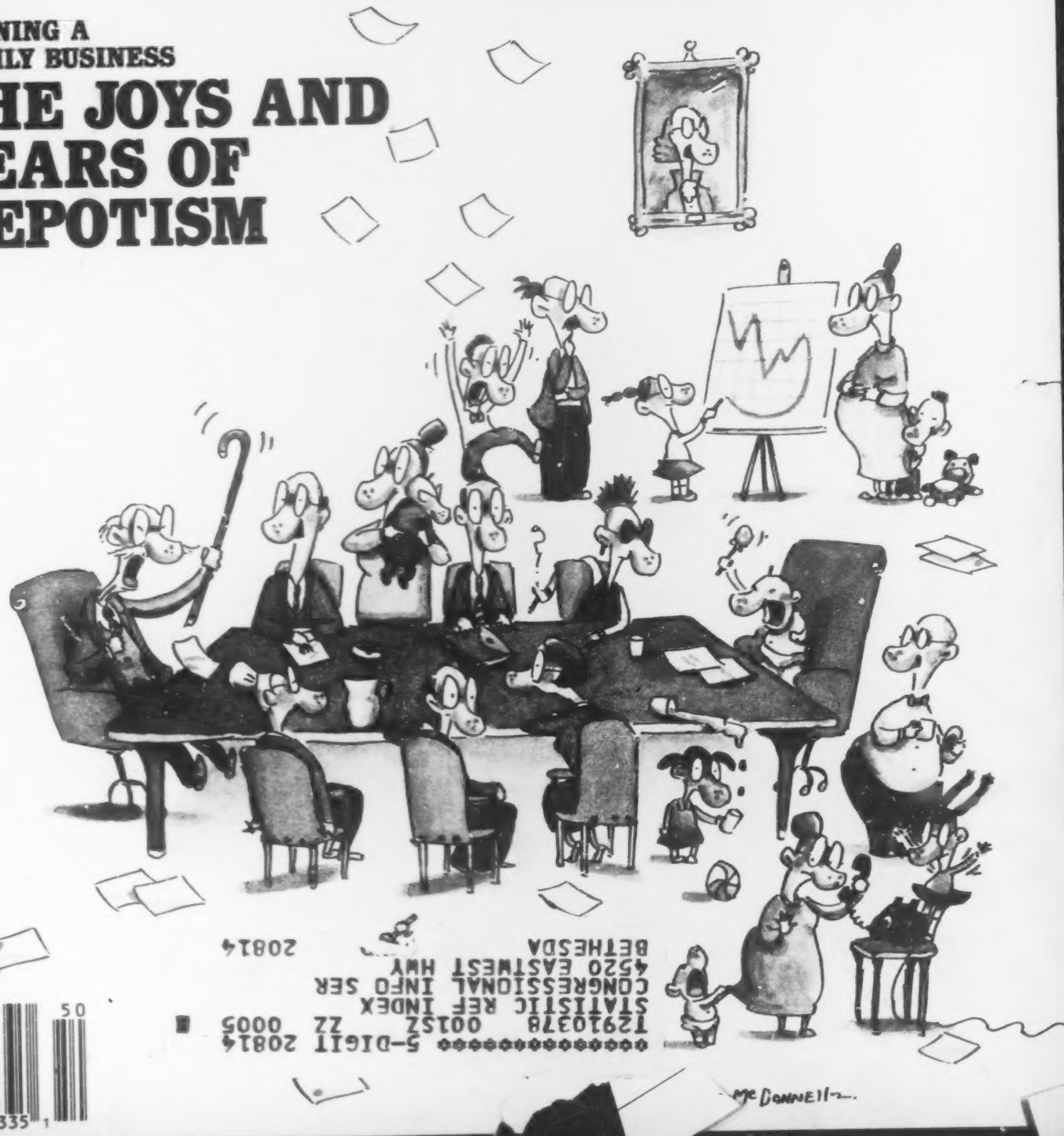
DECEMBER 11, 1989

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

RUNNING A FAMILY BUSINESS

THE JOYS AND TEARS OF NEPOTISM



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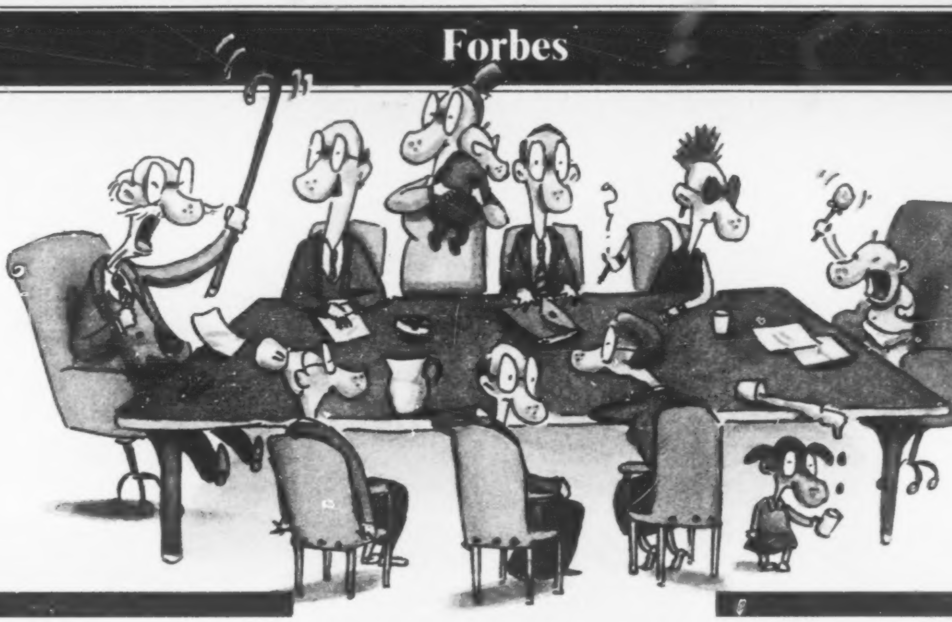

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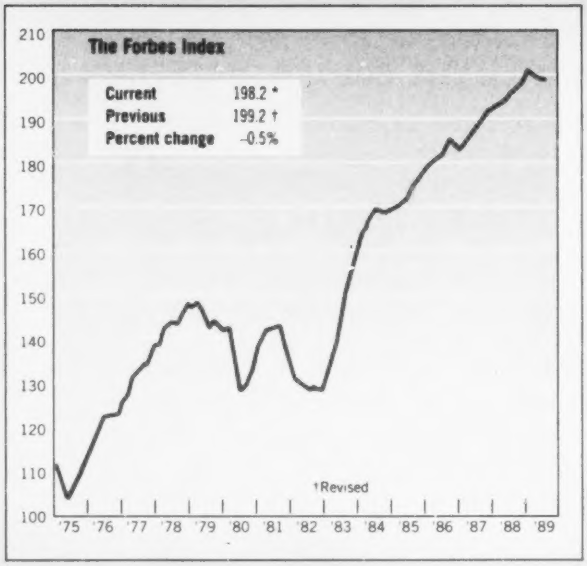
The Forbes Index



Problems in the work force. Despite a near record high in the number of Americans holding jobs (117 million in October), new unemployment claims climbed 11%, to 360,000, the highest total since February 1987. Employment in manufacturing was off 0.7% from its March peak.

Revised figures show industrial production fell twice in the past four months, including a 0.7% drop in October. This measure of factory, mine and utility output has gained less than 1% since the start of 1989. Softness in the auto market contributed to a 1% fall in October retail sales. The preliminary Forbes Index for October is off 0.5%, the largest drop in almost three years.

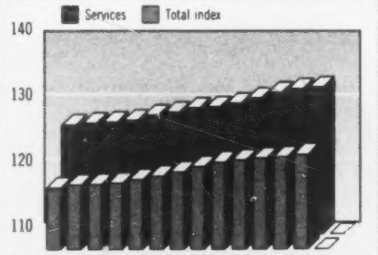
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.5%
Auto sales[1] year to date vs. 1988	Ward's Automotive	-4.0%
Index of leading indicators September vs. August	Dept. of Commerce	0.2%
Trade balance last 12 months	Dept. of Commerce	-$110 bil
Producer price index[2] October vs. 1988	Dept. of Labor	4.9%
GNP est 3rd quarter vs. 2nd—annualized growth	Dept. of Commerce	2.5%

[1] U.S. based manufacturers only as of 11/10//89. [2] Finished goods.

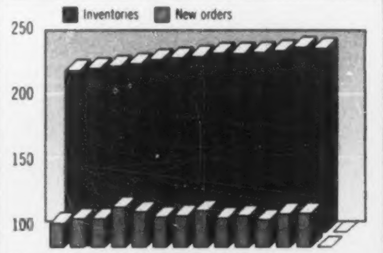
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

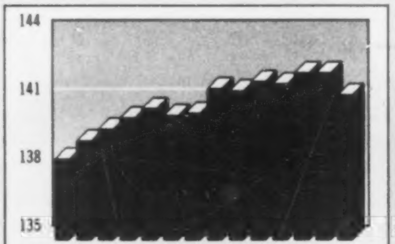
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



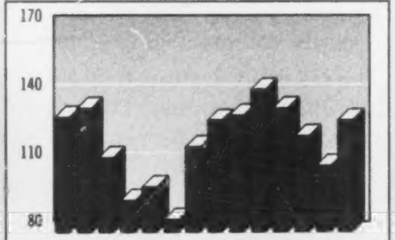
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



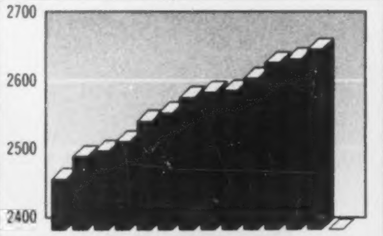
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



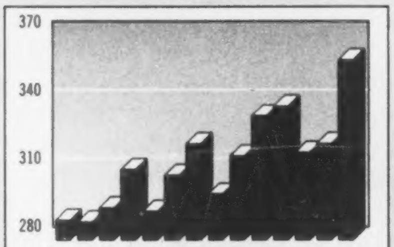
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



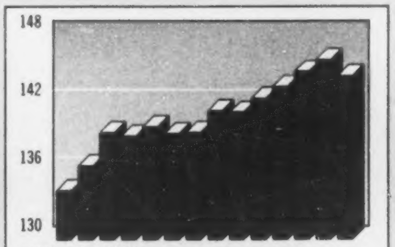
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



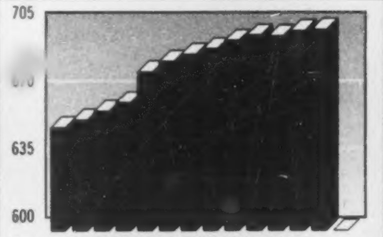
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

S O N D J F M A M J J A S O
1988 1989
S O N D J F M A M J J A S O
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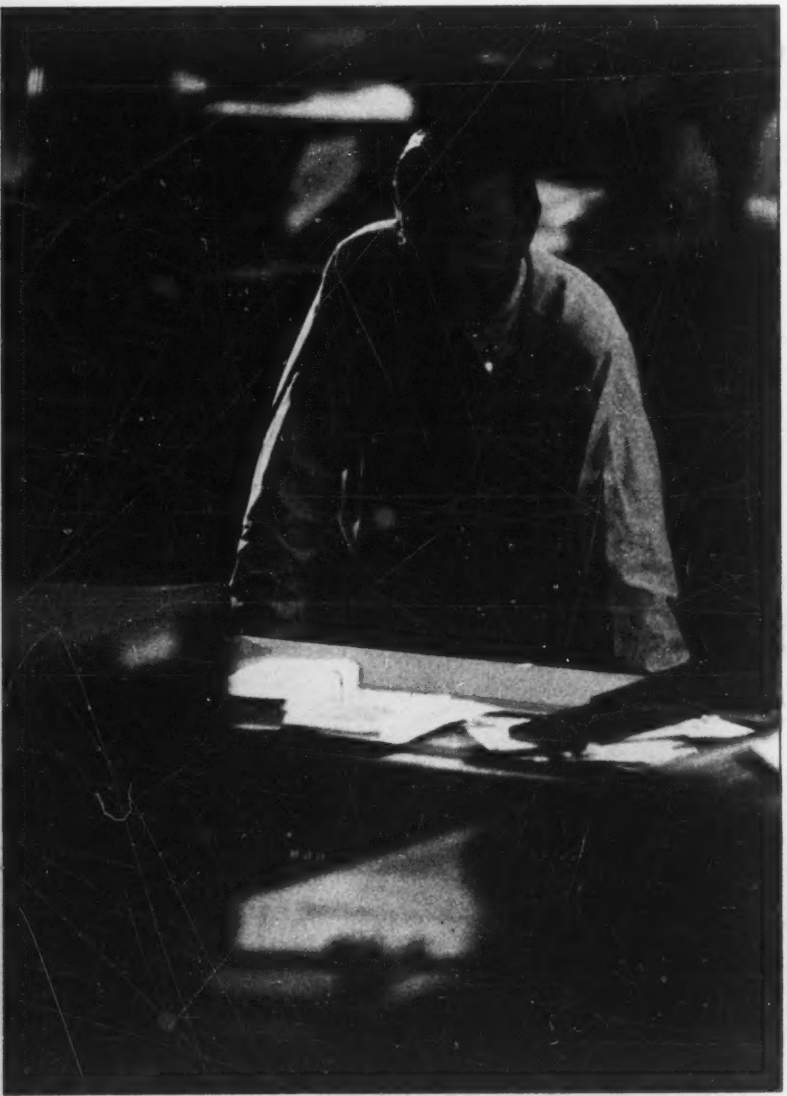
1988 1989

The birth of the southeastern regional banks was hailed on Wall Street as the dawn of a new era in finance. Now reality is descending on the banks.

Too much of a good thing



First Wachovia Chief Executive John Medlin

"Loans are being made that no one touched five years ago."

Charles Gupton

By John H. Taylor

FIVE YEARS AGO, when its ambitions were still modest, Trust Co. of Georgia was the most profitable bank in the country. In 1984 the Atlanta-based bank earned a remarkable 24% on equity and 1.7% on assets. Its balance sheet was a thing of beauty, with nonperforming assets a scant 0.9% of total loans. With good reason, Trust Co.'s stock traded at twice book value.

Then Trust Co.'s ambitions surged. It decided to become a southeastern superregional bank.

In 1985 Trust Co. merged with Sun Banks Inc. in Florida to form SunTrust. A year later SunTrust bought Third National Bank in Tennessee. From $6 billion in 1984, assets jumped to $26 billion in 1986. And so did SunTrust's problems.

Today, SunTrust's return on equity is 17% and return on assets is 1.17%, respectable results to be sure, especially when compared with the big money center banks, which returned a puny 0.78% on assets for the first half of 1989.

Still, Trust Co.'s results are nowhere near the stellar performance of the early 1980s. Ominously, SunTrust's nonperforming assets have climbed to 1.7% of total loans and foreclosed real estate, against the southeastern median of 1.3%. A good portion of the problem is bad real estate loans in Tennessee, the result of the Third National acquisition. SunTrust stock was trading recently at 1.4 times book value.

SunTrust's is not an unusual story. Across the Southeast these days, superregionals like First Union, NCNB and Citizens & Southern have discovered that bigger is not necessarily better. Eagerly anticipated economies of scale didn't always materialize. Borrowers and depositors looking for more personal service and a friendly face fled to smaller community banks. In some cases, the acquired banks were in far worse shape than anyone thought. As a result, some superregional bank stocks that traded above ten times earnings in 1986 have recently been trading for less than eight times earnings.

Compounding the problems, economic growth in the Southeast is slowing. In Florida, for instance, annual deposit growth is expected to drop from its current 11% to 7% by 1995. In the first half of 1989, housing permits were down 4% in the Southeast. Meanwhile, net interest margins have shrunk 10 to 30 basis points over the last year. Real estate problems are

Charles Gupton

First Union Chief Executive Edward Crutchfield
A hastily arranged merger in Georgia led to big problems.

mounting, especially in Florida and Tennessee. Richard Stillinger of Keefe, Bruyette & Woods calculates that nonperforming assets climbed 30% at southeastern banks this year.

Worries John Medlin, chief executive of $23 billion (assets) superregional First Wachovia Corp., "The question you have to ask is, if after seven years of economic growth these banks have more than their normal share of problems, then what will happen when there are real economic problems in the Southeast?"

Medlin believes too many southeastern banks have chased deals with the enthusiasm of a bunch of farm boys on their first trip to the big city. Says he, "The danger in interstate banking is either that the acquirers don't know what they are buying, or they don't institute their credit quality controls and procedures throughout the entire company."

William Norton, a bank specialist with Sterne, Agee & Leach of Birmingham, Ala., puts it this way: "The thing everyone is finding is that when you are courting a girl, she gets real dressed up. But you don't really find out what she looks like until you've made the deal."

First Wachovia's Medlin, 56, is the conscience of southeastern bankers. He, too, has expansionist ambitions, but he has not allowed them to exceed his ability to manage his bank's growth. Thus, in 1985 the Winston-Salem, N.C.-based Wachovia merged with First Atlanta Corp., Georgia's second-largest bank, with assets of $7 billion. Medlin spent the next four years integrating First Atlanta's system into Wachovia's—"my pick and shovel" work, he calls it—and never did another major deal. Today, First Wachovia stock is selling for about 1.63 times book value—the highest multiple of any southeastern regional except NCNB—and its nonperformers are a low 0.4%, less than one-third the southeastern average.

At the same time, Medlin's cross-state rival, Charlotte's First Union Corp., was buying everything in sight. In one 12-month period between late 1985 and 1986, First Union bought five banks with assets totaling $13 billion. First Union announced the last of these, the $3.7 billion (assets) First Railroad & Banking Co. of Georgia, less than two months after Chief Executive Edward Crutchfield said, "We are tied up with so many other deals right now that it's difficult to think of doing another one."

Not surprisingly, then, the First Railroad deal was a disaster. First Union wound up charging off more than $60 million in bad loans. It was three years before First Union was even able to consolidate First Railroad's loose confederation of banks into the First Union system. "It was the single most difficult thing we have done," Crutchfield now says.

Though few southeastern bankers will say so on the record, they concede privately that too many of the superregionals lack the breadth of management to run the companies they have built—especially if the banks they bought have internal problems. "Remember," says Sterne, Agee's Norton, "some of these banks quadrupled in size in a very short time."

Bankers like First Wachovia's Medlin and NCNB Chairman Hugh McColl Jr. see hard times on the horizon. McColl points out that banks have lost some of their traditional sources of profits, such as automobile loans,

The bloom is off the rose

With a few notable exceptions, nonperforming loans have been climbing for the southeastern superregional banks. Meanwhile, the stock prices have generally declined as a percentage of book value. With more trouble ahead, though, this is not the investment opportunity it might normally be.

Bank	Assets ($bil)	Latest 12 months earnings[1] ($mil)	EPS[1]	Yield	Recent price	Nonperforming assets[2] 12/31/88	9/30/89	Price relative to book value 12/31/86	Recent
NCNB[3]	$54.6	$375	$3.98	2.4%	49⅛	1.20%	1.43%	1.31	1.91
First Union	32.2	287	2.69	4.4	22⅜	1.08	1.09	1.65	1.17
SunTrust	29.4	332	2.56	3.4	22½	0.97	1.68	1.74	1.41
Barnett	28.0	251	4.06	3.4	34⅛	1.22	1.48	1.61	1.30
Sovran	24.3	252	4.43	4.3	38⅞	0.93	1.00	1.71	1.47
First Wachovia	23.5	261	3.78	3.4	40	0.43	0.40	1.65	1.63
Citizens & Southern	23.0	230	3.59	4.2	31⅛	0.85	1.00	1.51	1.43

[1] Source: Standard & Poor's. [2] Nonperforming assets are listed as a percentage of total loans plus foreclosed real estate. [3] NCNB's figures include its Texas bank with the exception of the special asset division.

which are now being made by the finance arms of the car companies. This has forced the banks to scour for new sources of business. Among the options: underwriting municipal bonds, the acquisition of finance companies, more aggressive marketing of the bank's trust services, and expansion into the insurance business.

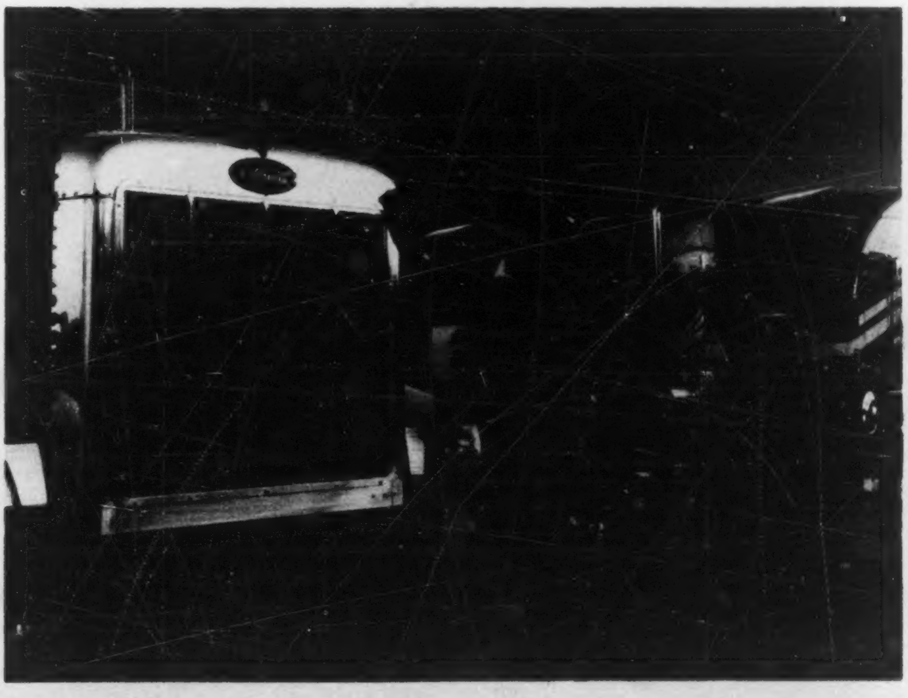
"To be honest," McColl says, "I haven't found a lot of new businesses that we're allowed to get into which offer the promise of great profits."

The real estate losses, meanwhile, continue to mount. While the trouble is nowhere near as severe as in, say, Arizona or New England, many southeastern states now have an oversupply of commercial property. At NCNB, for instance, nonperforming assets (excluding Texas) rose 50%, from $232 million to $348 million, in the third quarter. About half of that increase was problem real estate in Florida. Barnett Banks, Florida's largest bank, has suffered a 36% increase in nonperformers in 1989, with more than half of its problem assets in commercial real estate.

Medlin warns that more problems will follow. "It's just plain human nature that when you go through a long period of growth and economic stability you get complacent," he says. "There are loans being made today that no one would have touched five years ago."

Such marginal lending will, of course, grind to a halt as the banks' assets deteriorate. Or to put it another way, a credit crunch is probably in the making. ■

THE MONEY MAKERS: THE ECONOMICS OF CLASS TRUCKS



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Nepotism has a lot of things going for it, and some powerful forces working against it—like taxes and family bickering. How do successful family businesses stay in the family?

Family affairs

By Rita Koselka, Fleming Meeks and Laura Saunders

AH, THE FAMILY BUSINESS. So much a constituent of the American dream. So beloved (in their words if not in their deeds) by politicians. So common (there are at least 2 million of them with revenues of over $1 million).

And such a delicate thing.

According to Léon Danco, head of the Cleveland-based Center for Family Business, fewer than one-third of family businesses make it into the second generation. And only about half of that group survives to be managed by a third generation.

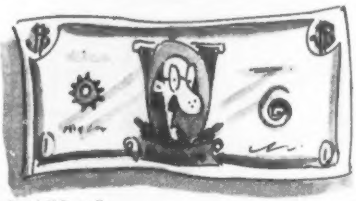
"Believe me," says Walter Primoff of the New York State Society of CPAs, "the hardest business to keep going successfully—harder even than a Forbes 500 company—is a small family business."

Plenty of these firms are felled by market conditions, interest rates and the other problems that bedevil business generally. But even if they run this gauntlet successfully, family firms face unique problems.

One is paying the owner's estate taxes. At a top federal rate of 55%, death duties can force heirs to sell or liquidate the firm at the founder's death. That's because the tax bill isn't related to the excess cash flow that the business generates. Although the IRS allows for a 15-year payment plan, interest is due at current rates on all the money. The result: For many family firms, paying death taxes "is like doing a leveraged buyout with Uncle Sam," says David Berenson, tax expert at Ernst & Young.

Congressmen often rhapsodize about the glories of the family business, especially when the business is a farm. But by raising capital gains and other asset-related taxes, Congress has gone a long way toward outlawing nepotism. For example, one powerful estate planning tool used to be the so-called estate freeze, in which a company is recapitalized and most of the founder's equity is taken out in the form of preferred stock, with new common shares issued to the next generation. Further appreciation in the business belongs to the children, and the founder's estate owes taxes only on the preferred.

Congress outlawed this technique in 1987 (FORBES, *Oct. 17, 1988*). Now all appreciation is kicked back into the owner's estate and taxed.


Patrick McDonnell

But the issue isn't dead. Protest from businesses, especially small ones, may cause Congress to soften the law, perhaps permitting freezes between parents and offspring in exchange for tougher enforcement of the valuation rules to prevent abuses. Since gift tax is due on valuable common handed out to the children, there is a powerful temptation to undervalue it.

Such legislation is even more important in light of a little-noticed recent Tax Court opinion in Snyder v. Commissioner. It is, says Berenson, "a tax technician's nightmare come true" because it calls into question freezes made even before Congress changed the law.

So large does this estate tax issue loom that Frank Pasquerilla, 62, founder of Crown American Corp., a $753 million (1988 revenues) retailing and real estate firm, has estate planners working every day on it. Says his 30-year-old son, Mark, now in the business: "Managing the estate tax questions efficiently is the biggest challenge I face."

Apart from death duties, the family business' other primary natural predator is what is known politely as "family dynamics," and less politely as incompetent or petty-minded offspring, or even parents. Louisville's celebrated Bingham family feuded so long and fiercely that Barry Bingham Sr., the owner of the *Courier-Journal* and the *Louisville Times*, opted to sell the newspapers to Gannett in 1986 rather than leave them to his feuding children to tear apart.

Milliken & Co., a progressive and powerful textile-maker, could come to the same bitter end. After effectively excluding many family members for years from control positions, third generation Chief Executive Roger Milliken, 73, changed the company's certificate of incorporation so as to lock them out of a say in his succession and prevent the company from ever being sold. The result is a series of bitter lawsuits with possibly more to come.

The founder of the company that owns the U-Haul chain gave away much of his stock to his 12 children while he was still running the company. They threw the old man out, then started warring with one another in court.

And even if family members manage to get along, there's the question of ability. Second generation pet supplies magnate Leonard Stern says bluntly about his Hartz Group, Inc., "I don't believe the next generation should run the business just because I owned it." He will give his children the same shot at managing the company that any employee gets, but if they have neither the desire nor the ability to run it, they won't. Adds Thomas Ochsenschlager, a tax expert with the accounting firm Grant, Thornton: "I have worked with many family firms, and I can tell you that business skills are not inherited."

With all the traps, the wonder is that many family firms do survive, and even thrive. Here are three that do, and how they do it. They have all remained private, which presents a dilemma of its own: With no publicly traded stock, a company cannot always deal with dissident family members who want to cash out. Yet going public exposes the firm to the marketplace of mergers and acquisitions. The largest of the three, Kohler Co., is 102nd on our annual ranking of the largest private firms in America *(table begins on page 220; rules and acknowledgments on page 218).* The other two are, for now, too small.

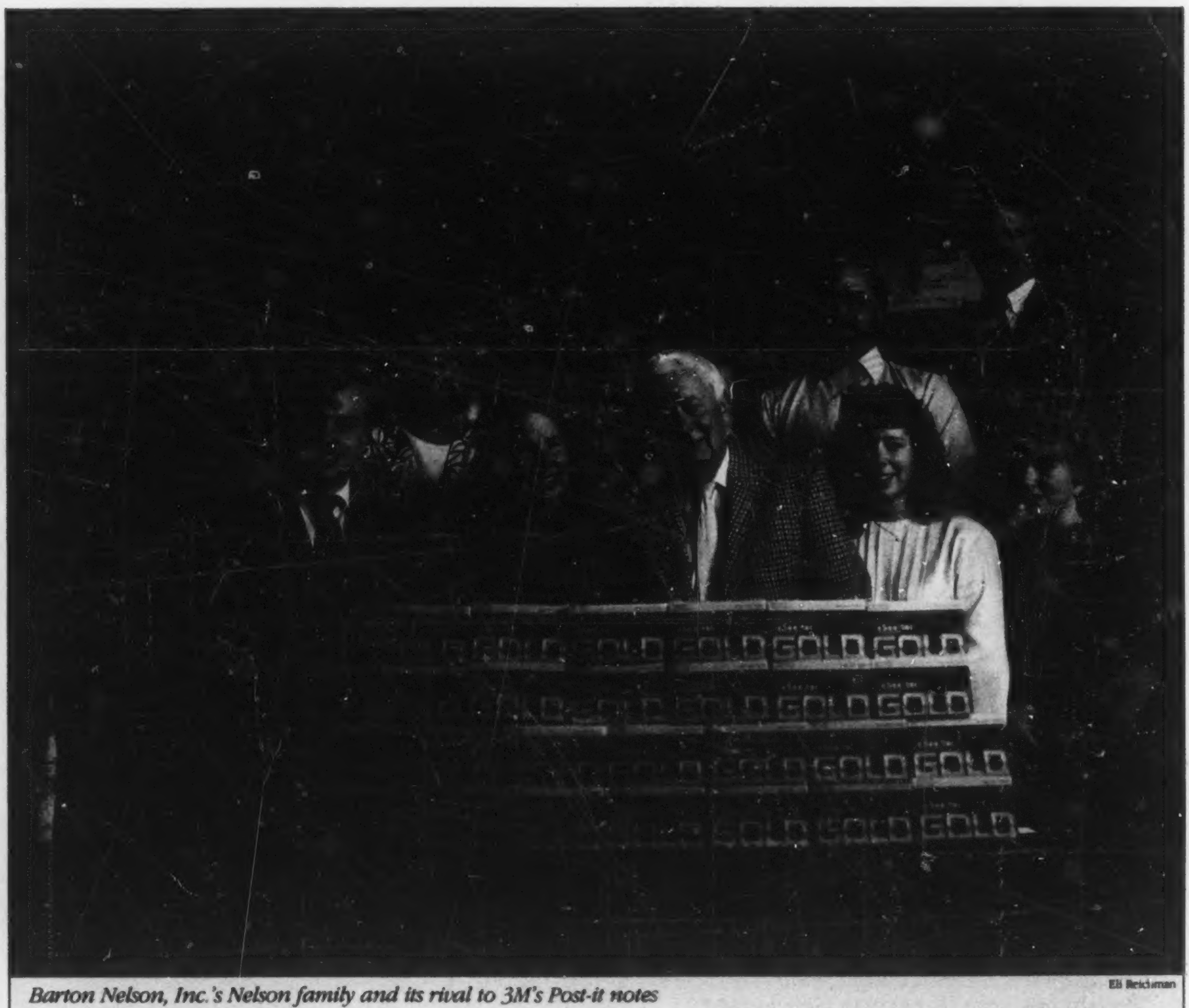
Barton Nelson, Inc.

The 1,000-hour rule

Kansas City, Mo.-based Barton Nelson, Inc. is a family firm par excellence: It is run by founder B.J. Nelson and his wife, Mary, with nine of their ten children. (Their eldest daughter lives out of state and decided not to join the firm.)

How does it work? "Pretty well," says B.J., now 68. Revenues have grown about 30% a year since 1980, to a projected $16 million for 1989, with no slowdown in sight. That's largely because Barton Nelson was not only smart, but lucky: His firm has a toehold in the self-stick adhesive note market, which he puts at $1 billion.

The family did not set out to build a business that would compete with giant Minnesota Mining & Manufacturing Co.'s Post-it notes. Instead, it evolved out of a small advertising agency founded by Nelson *père* in 1961. Several sons got involved during the 1970s, and they bought a printing plant and later on a line of address and memo books to extend the agency's business. The end result was



Eli Reichman

Barton Nelson, Inc.'s Nelson family and its rival to 3M's Post-it notes
Sticking together helps.

a self-stick note developed independently but at about the same time as 3M's, a fact that 3M has acknowledged legally. Most of Nelson's notes are customized as advertising giveaways.

Along the way, various Nelson siblings have worked with adhesive chemists, engineered machinery, organized assembly lines, devised personnel tests, done artwork and kept records, among other things. Now there is a Nelson in every senior position but two, comptroller and production manager.

Company stock is all held by the family. As a result of a well-timed estate freeze in 1986, B.J. Nelson's stock is all preferred. All the children own common stock, divvied up roughly according to longevity with the firm.

But the family says votes aren't counted because nearly all decisions are reached by consensus. Last year, for example, brothers Dwight, 40, Charles, 37, and Barton III, 44, became convinced of the need to reorganize production along product lines, but brother Gregory, 35, who heads that division, demurred. So all of them talked about it for six months until Gregory changed his mind. Similarly, says Charles, who is in charge of sales, "Some of us wanted to move the business to Colorado about five years ago. We had the votes to do it, but it would have made a couple of people unhappy. So we didn't."

That, says sister Kathy Goscha, 39, who heads personnel and purchasing, is the result of being part of a big family. "You really learn cooperation and negotiation," she says. Indeed, the first six Nelson children grew up in a house with only one bathroom.

But there are clear limits to family togetherness. The Nelson siblings have tacitly agreed, for example, that spouses won't work at the firm. (The lone exception is Herbert Goscha, Kathy's husband, who worked there before they were wed.) "It just isn't a good idea for my wife to be supervised by her brother-in-law," says one Nelson.

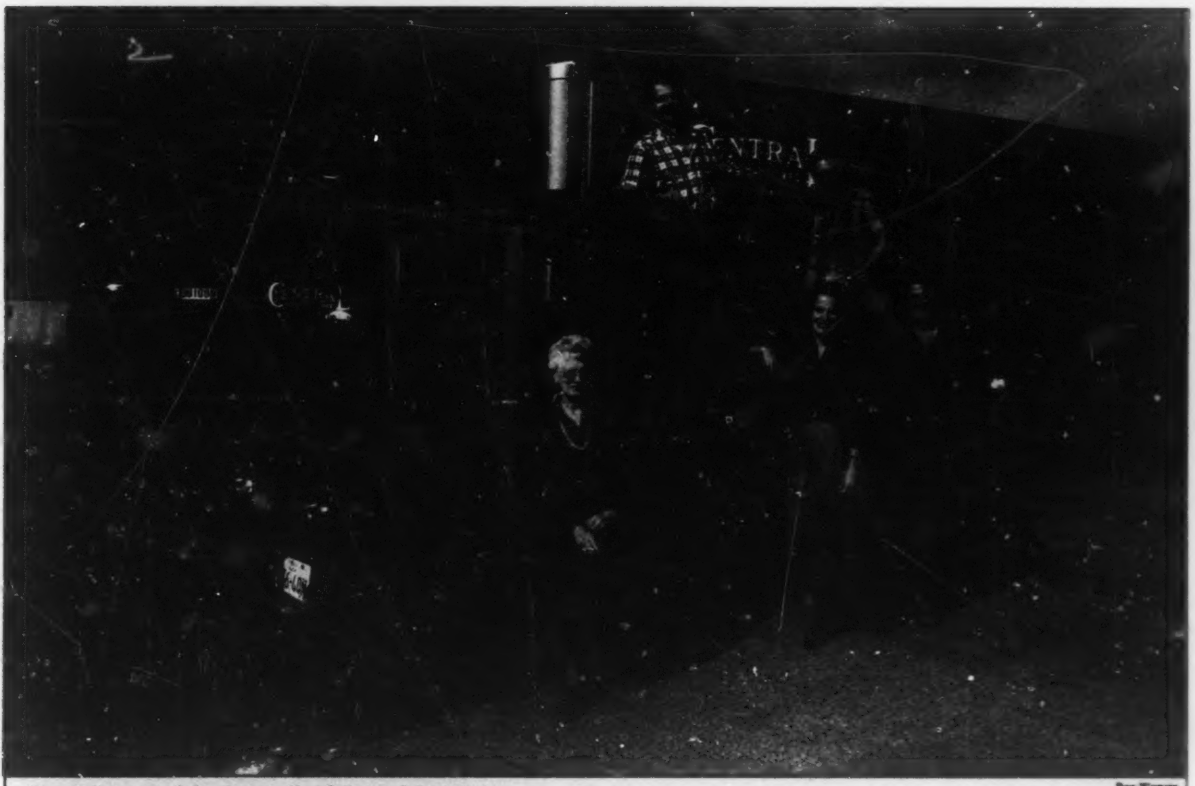
The Nelson clan is also thinking about the 33 grandchildren in the next generation. One already works full time in sales, but all are subject to the "1,000-hour rule": Having worked for Barton Nelson 1,000 hours, an offspring must work 1,000 hours somewhere else before returning. "We need those outside skills," says Kathy Goscha.

Central Freight Lines Inc.

How can you fight with someone you bake bread with?

"I thought it would be so easy working for a family business," recalls 28-year-old Frances Callan, personnel representative at Central Freight Lines. Frances is the granddaughter of W. Woody Callan Sr., founder of the $211 million (1988 revenues) Waco, Tex.-based trucking company. "But I think it's harder to prove yourself. You're kind of in the spotlight all the time."

Callan's solution last year was to earn a commercial license to drive a big rig. Since then, she's hauled freight to and from Dallas, Austin, San Antonio and Houston. "It gives you a different perspective on the business," she says, "when you've spent a ten-hour layover in Houston talking with other drivers."



The Callans and the Braswells of Central Freight Lines
"Freight business just gets in your blood."

Frances' brother William, 25, started working for the family business on the loading docks at its San Antonio terminal at age 13. "I told my father I didn't want to go to camp. I just wanted to come to work here." After stints as a driver and a terminal manager, he is now a supervisor trainee for the company, working on new construction.

Their father, Woody Jr., 54, has headed the company since 1979. He got his start as an office boy at age 12, and worked nights on Central's Houston loading docks while earning an accounting degree at Rice University.

"When we were growing up, the family and the business were one and the same," recalls Woody's sister, Diana Braswell, 61. Not only did their mother work for the company, but so did four of their six uncles and their grandfather, at one time or another. "I don't remember ever going to the picture show or going out to get watermelon or ice cream cones that we didn't go by the company before we went home."

Diana started out at Central as a file clerk while still in high school. After taking time out to earn a degree in business from Baylor University and to raise a family, she now administers the company's $80 million profit sharing and retirement plan. The plan, participated in by over 90% of the company's 4,500 nonunion employees, owns just under half of the company's stock (which is voted by management). The family owns 30% of the shares—with a book value of about $35 million. The rest of the stock is owned by current and retired employees and an employee stock ownership plan.

Diana's sons, Gordon and Robert, respectively 31 and 34, are expanding the company's computer operations, which track freight and equipment as well as maintenance and inventory in the company's 16 mechanic shops. The brothers, too, came up through the ranks, putting in time in maintenance and on the loading docks along the way.

No "management systems" exist that can heal the rifts and jealousies that are often a part of family life. But the bonds of family life can also be a business' greatest strength.

"Woody was the first person who took me hunting," says Robert Braswell of his uncle. Adds Frances Callan of her aunt, "Every Sunday, when I was growing up, I was making bread with Diana. How can you have a problem with somebody who taught you to bake bread?"

So far, Central Freight has sidestepped the questions of succession and transfer of ownership. Woody Callan Sr., who founded the company at age 20, in 1925, stepped aside at 47 to take up cattle ranching. He retained the chairmanship—putting a nonfamily manager in charge of the daily business—and stepped back into operations in 1979 to help oust that fellow and install his son as president.

He also passed along the bulk of his stock in the company to his two children over a period of 35 years before his death. And the cash to pay the estate taxes on his remaining 7% of the company was raised, not by leveraging the business to buy in a chunk of his stock, but by selling shares to the company's ESOP and retirement plans.

The past decade has not been an easy one for the company. Deregulation of the interstate trucking industry in 1980 cost Central 20% of its business. Despite that and the collapse of the Texas economy, the company's aftertax profit hit a record $11 million in 1988.

Who's next in line at Central Freight? Woody just shrugs at the question. But chances are good that the whole family will be there for the long haul. Says Woody Callan Jr.'s son William: "I think the freight business just gets in your blood, and you can't get it out."

Kohler Co.

No longer unwashed

Kohler Co., the billion-dollar plumbing products firm, is located in Kohler, Wis. (pop. 1,800), the ultimate company town. Smack in the center sits the huge Kohler Co. works—headquarters, a foundry, ceramics plant, engine making plant and design center. Nearby are the Kohler Stables, which breed Morgan horses, the Kohler Farms, where beef cattle is raised, River Wildlife, a private game preserve, and 27 holes of Kohler-developed golf courses. Along the main street are the top-rated hotel in the Midwest, the American Club, a large sports center and a gourmet grocery store, all Kohler-owned.

Gregory Gaymont

Natalie, David and Herbert Kohler of Kohler Co.
From pig troughs to bathtubs.

Presiding over this empire is a family led by Herbert Kohler Jr., 50, a grandson of founder John Michael Kohler. The original Kohler came to the Midwest from Austria as a child with his family and found his way to Sheboygan, Wis. in the early 1870s. He made a good start with a good marriage, to the daughter of the local foundry owner, Lillie Vollrath. In 1873 Kohler and a partner bought the foundry for $5,000.

In 1883 Kohler soldered small legs on to the firm's standard pig trough and enameled the interior white to make the company's first bathtub, and the business prospered.

In 1900 John Michael Kohler moved the company to what is now Kohler, leaving it to his four sons, who bought out the other outside interests. Two of the sons soon died, leaving Walter Kohler to rule the roost for 35 years.

Walter Kohler thought big. He commenced the first 50-year plan during World War I to develop the town, choosing as planners the famed Olmstead Brothers firm, which designed New York's Central Park. Kohler was governor of Wisconsin from 1929 to 1931.

After Walter's death in 1940, squabbling broke out between Walter's children and Herbert, the last son of the founder, who was running the firm at the time. The squabble was complicated by the fact that Herbert's mother was the second wife of J.M. and the younger sister of Walter's mother.

Herbert won out. Most, but not all, of his nephews left, and several started other successful businesses, including Vollrath Co., a manufacturer of stainless steel products and plastic utensils, and Kohler General Corp., a manufacturer of wrapping machines.

Herbert ran the company until his death in 1968, weathering a six-year strike by the UAW beginning in 1954. Son Herbert Jr. took over in 1974, and has roughly doubled the firm's size (net of inflation) since then.

The Kohler mantle hasn't always been easy to bear. Herbert Kohler Jr. volunteers that he rebelled as a teenager by becoming, ironically, "one of the great unwashed"—a hippie—and says he does not have many close friends in town.

Other Kohlers are still around the town and the company: Herbert Jr.'s wife, Natalie Black, is general counsel and vice president at Kohler; his sister, Ruth De Young Kohler, runs the John Michael Kohler Arts Center; and a cousin manages a Kohler plant in South Carolina. The second (and current) 50-year plan calls for the company to develop the hospitality business—such as the hotel, golf course and shopping center—and expand into furniture manufacturing. It acquired Baker, Knapp & Tubbs, maker of high-end furniture, in 1986.

Succession at a company with 13,000 employees is a serious matter. Herbert Kohler Jr. is thinking about setting up a voting trust, with voting rights given only to Kohlers working in the company. Currently the stock resides in the Kohler Foundation, which Herbert Jr. votes, and various trusts.

Herbert Kohler claims he encourages his three children, all still in their 20s, to follow their own paths. His son works as a foreman in the foundry and plans to go back to school and get an M.B.A. One daughter is an actress in Chicago, while the other daughter is an M.B.A. now working with Booz, Allen & Hamilton as a management consultant. Herbert says they talked about her returning to Kohler after business school, but she wanted to make a name for herself outside of the company, not to mention collect a higher salary than her father would pay her.

But Kohler says the company won't hesitate to go out of the family if necessary, as happened during a short interregnum from 1968 to 1974 before Herbert Jr. took over. Nonfamily member Walter Cleveland ran the company during that period.

Herbert Kohler Jr. speaks for many proprietors of family businesses when he says: "I would rather have non-Kohlers who understand and respect the legacy of the company take over than Kohlers without those values." ■

How to join the Private 400

Most of the companies listed in the table beginning on page 220 have always been in private hands. But 124, just under a third of them, used to be public and were taken private in a leveraged buyout. The rush to go private has cooled considerably since last year. In 1988 there were 39 companies, with combined revenues of $51 billion, that joined our listing via a going-private transaction. This year LBOs added only $34 billion in revenues to the pot.

We consider a private company to be one that does not have publicly traded common stock. The firm may have too few common shareholders to file with the Securities & Exchange Commission or, if it files, its stock is not available to the general public. Most of the 400 companies fall into the former category, including Cargill, which ranked number one with revenues of $43 billion. Bechtel and Avis are examples of the latter: The stock is widely held, but only by employees. A corporation with widely traded bonds but closely held stock would also be considered private.

Our survey includes only firms that operate for profit. Charitable foundations and government agencies are excluded. Also excluded from the survey are mutuals, cooperatives, foreign-owned firms, joint ventures and companies 50% or more owned by another public or private corporation.

Except where noted, the revenue shown is for the most recent fiscal year. Some companies provided estimates while other estimates were developed by FORBES and confirmed by outside sources.

Acknowledgments

We wish to thank the following outside sources that helped us gather data on private companies: *Advertising Age*, NYC; *Atlanta Business Chronicle*, Atlanta; *Auto Age*, Van Nuys, Calif.; *Automotive News*, Detroit; Stephen W. Brener, Stephen Brener Associates, NYC; *California Business*, Los Angeles; *Corporate Report Minnesota*, Minneapolis; *Crain's Chicago Business*, Chicago; *Crain's Cleveland Business*, Cleveland; *Crain's Detroit Business*, Detroit; *Dallas Business Journal*, Dallas; *Feed Stuff Magazine*, Rod Smith, Minnetonka, Minn.; *Florida Trend*, St. Petersburg; *Georgia Trend*, Atlanta; *IDD Information Services*, Terry Dennehy, NYC; Perrin H. Long Jr., Lipper Analytical Securities, NYC; *Los Angeles Business Journal*, Los Angeles; Marvin L. Madeson, Madeson & Associates, St. Louis; John McMillin, Jane Shickich and Kim Walin, Prudential-Bache Securities, NYC; Robert Niehaus, Morgan Stanley, NYC; Alan Mottus, Mottus & Associates, NYC; *Philadelphia Business Journal*, Philadelphia; *Professional Builder*, Des Plaines, Ill.; *Progressive Grocer's Marketing Guide Book 1989*, Stamford, Conn.; *Puget Sound Business Journal*, Seattle; *San Francisco Business Times*, San Francisco; *South Florida Business Journal*, Miami; Fran Wissak, Securities Data Co., Newark, N.J.

The 400 Largest Private Companies in the U.S.

Rank						
this year	last year	**Company**/business	Revenues ($mil)	Employees	Chief executive	City, state
1	1	**Cargill**/intl marketer agri & bulk commodities	$43,000	53,710	Whitney MacMillan	Minneapolis, MN
2	2	**Koch Inds**/petroleum, natural gas, chemicals	16,000e	8,000	Charles Koch	Wichita, KS
3	■	●**RJR Nabisco**/food products, tobacco	14,000e[1]	60,000	Louis V Gerstner Jr	New York, NY
4	4	●**Safeway Stores**/supermarkets	13,612	107,000	Peter A Magowan	Oakland, CA
5	3	**Continental Grain**/commodity trading & processing	13,500	12,000	Donald L Staheli	New York, NY
6	5	**United Parcel Service**/package delivery	11,000	117,000	John W Rogers	Greenwich, CT
7	7	**Mars**/candy manufacturing, pet food, rice	8,541	22,000	Forrest E Mars Jr	McLean, VA
8	6	●**Southland**/convenience stores	7,990	39,057	Jere W Thompson	Dallas, TX
9	9	●**RH Macy**/department stores	7,000	78,000	Edward S Finkelstein	New York, NY
10	8	●**Supermarkets General**/grocery stores, home improve ctrs	5,962	52,000	Kenneth Peskin	Woodbridge, NJ
11	■	●**NWA**/airline	5,630	37,000	Alfred Checchi	St Paul, MN
12	36	**MacAndrews & Forbes Holdings**/cosmetics, bankng, rec eq	5,325e	44,000	Ronald O Perelman	New York, NY
13	15	**Carlson Cos**/worldwide service corporation	5,300	55,000	Edwin C Gage	Minneapolis, MN
14	10	**Peter Kiewit Sons'**/construction, coal mining, packaging	5,100	28,000	Walter Scott Jr	Omaha, NE
15	14	**Publix Super Markets**/grocery stores	4,800	23,500	George W Jenkins	Lakeland, FL
16	11	●**Montgomery Ward & Co**/department stores	4,780	28,954	Bernard F Brennan	Chicago, IL
17	13	●**Stop & Shop Cos**/supermarkets, Bradlees discount dept stores	4,500e	44,000	Lewis G Schaeneman Jr	Boston, MA
18	12	**Bechtel Group**/engineering & construction	4,472	17,500	Stephen D Bechtel Jr	San Francisco, CA
19	24	**Drexel Burnham Lambert**/investment banking, sec brokerage	4,400e	5,500	John Shad	New York, NY
20	16	●**Trans World Airlines**/airline	4,361	31,000	Carl C Icahn	Mt Kisco, NY

New companies on this year's list include leveraged buyout situations like NWA, RJR Nabisco and GAF. The proposed privatization of UAL, however, is still trying to get off the ground.

21	■	**Ernst & Young**[2]/accounting	4,300	70,000	Ray J Groves[3]	New York, NY
22	20	**KPMG**[4]/accounting	4,300	63,700	Larry D Horner	New York, NY
23	17	●**ARA Services**/food svcs, uniform rentals, child care svcs	4,200	125,000	Joseph Neubauer	Philadelphia, PA
24	■	●**Hospital Corp of America**/hospitals & health care facilities	4,111	45,000	Thomas F Frist Jr	Nashville, TN
25	18	●**Beatrice Co**/food processing	4,066	16,400	Frederick B Rentschler	Chicago, IL
26	23	●**American Standard**/bldg, climate control, transport prods	3,716	34,100	Emmanuel Kampouris	New York, NY
27	21	●**Owens-Illinois**/packaging	3,660	46,500	Robert J Lanigan	Toledo, OH
28	33	**American Financial**/insurance, savings & loan	3,634[5]	10,000	Carl H Lindner	Cincinnati, OH
29	25	**Marmon Group**/multicompany	3,507	25,005	Robert A Pritzker	Chicago, IL
30	31	**Arthur Andersen**/accounting	3,400	51,400	Larry Weinbach	Chicago, IL
31	19	**Goldman, Sachs**/investment banking, securities brokerage	3,400e	6,200	John L Weinberg	New York, NY

■ Not on last year's list. ● Went private via leveraged buyout since 1984. e: Estimate. [1] Reflects divestiture of Del Monte and other companies. [2] Formed by merger of Ernst & Whinney, ranked 48 last year, and Arthur Young, ranked 52 last year. [3] William L Gladstone is co-CEO. [4] Listed as Peat Marwick Main last year. [5] Excludes revenues from United Brands and other unconsolidated subsidiaries.

The 400 Largest Private Companies in the U.S.

Rank						
this year	last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
32	44	**Anschutz**/railroads, oil, gas, real estate, mining	$3,200e	23,500	Philip F Anschutz	Denver, CO
33	30	●**Levi Strauss & Co**/apparel	3,120	32,000	Robert D Haas	San Francisco, CA
34	38	**Coopers & Lybrand**/accounting	3,000e	50,000	Peter R Scanlon	New York, NY
35	55	**Cumberland Farms**/convenience strs, petroleum distrib	3,000e	8,500	Demetrios B Haseotes	Canton, MA
36	■	**Deloitte & Touche**[1]/accounting	3,000e	65,000	J Michael Cook	Wilton, CT
37	34	**Lefrak Organization**/real estate development & management	3,000	18,000	Samuel J LeFrak	Rego Park, NY
38	40	**Milliken & Co**/textiles	2,900	20,000	Roger Milliken	Spartanburg, SC
39	32	●**Jack Eckerd**/drugstores	2,875	30,00	Stewart Turley	Clearwater, FL
40	50	**Farley**/fabrics, underwear, boots, auto parts	2,865	46,500	William Farley	Chicago, IL
41	41	**Advance Publications**/communications	2,860e	19,500	SI Newhouse Jr	Staten Island, NY
42	29	**Grand Union**/grocery stores	2,717	22,000	Joseph J McCaig	Wayne, NJ
43	37	●**Revco DS**/drugstores	2,701	27,500	Boake A Sells	Twinsburg, OH
44	35	**Astroline**/oil trading	2,500	70	Fred Boling	Reading, MA
45	45	**HEB Grocery**[2]/grocery stores	2,500e	9,485	Charles C Butt	San Antonio, TX
46	47	**Price Waterhouse**/accounting	2,500	40,770	Joseph E Connor	New York, NY
47	27	**Riklis Family Corp**/variety stores, apparel mfg	2,500e	35,000	Meshulam Riklis	New York, NY
48	63	**Belk Brothers**/department stores	2,400e	30,000	John M Belk	Charlotte, NC
49	43	**H Group Holdings**/hotels	2,400e	40,000	Jay Pritzker	Chicago, IL
50	49	**JM Family Enterprises**/distributor of Toyotas	2,400e	2,300	James M Moran Sr	Deerfield Beach, FL
51	46	**Hallmark Cards**/greeting cards & related prods	2,350e	20,000	Irvine O Hockaday Jr	Kansas City, MO
52	53	**Penske**/truck leasing, diesel mfg, auto dealerships	2,300e	9,700	Roger S Penske	Red Bank, NJ
53	28	●**Burlington Industries**/textiles	2,200	28,000	Frank S Greenberg	Greensboro, NC
54	56	**Finevest Services**/food processing, insur, health care svcs	2,178	14,000	William R Berkley	Greenwich, CT
55	22	●**Borg-Warner**/auto parts, security svcs	2,175	68,000	James F Bere	Chicago, IL
56	60	**McLane**/food distribution	2,160	4,200	Drayton McLane Jr	Temple, TX
57	58	**Meijer**/department & grocery stores	2,120	13,600	Fred Meijer	Grand Rapids, MI
58	278	**RAB Holdings**/health care svcs & supplies, financial svcs	2,100	2,700	Richard A Bernstein	New York, NY
59	107	**Ingram Industries**/consum prods, inland marine trans, coal, oil	2,090e[3]	3,425	E Bronson Ingram	Nashville, TN
60	51	●**Best Products**/general merchandise, jewelry stores	2,080	8,000	Jerry Goldress	Richmond, VA
61	85	**Scoular**/grain storing & trading	2,072	500	Marshall E Faith	Omaha, NE
62	245	●**Metromedia**/cellular phone sys, restaurants, hotels	2,060[3]	18,732	John W Kluge	Secaucus, NJ
63	■	●**Alco Health Services**/distrib pharmaceuticals & related prods	2,058	2,900	JF McNamara	Valley Forge, PA
64	39	**SC Johnson & Son**/specialty chemicals	2,000	12,000	Raymond F Farley	Racine, WI
65	75	**Reader's Digest Association**/publishing & direct mktg	2,000e	7,200	George V Grune	Pleasantville, NY
66	57	**Hearst Corp**/publishing [illegible] roadcasting	1,986e	15,000	Frank A Bennack Jr	New York, NY
67	72	**Estée Lauder Cos**/cosmetics	1,920e	10,000	Leonard Lauder	New York, NY
68	65	●**Payless Cashways**/home improvement centers	1,900	15,000	David Stanley	Kansas City, MO
69	258	**Red Apple Cos**/groc & conv strs, refining, real est, aviation	1,900	10,000	John A Catsimatidis	New York, NY
70	66	●**Fort Howard**/paper prods	1,858	16,000	Paul J Schierl	Green Bay, WI
71	61	**Dominick's Finer Foods**/grocery stores	1,850	7,500	Jim DiMatteo	Northlake, IL
72	68	**Cox Enterprises**/newspapers, brdcast, cable tv, auto auctions	1,816	22,000	James C Kennedy	Atlanta, GA
73	71	**Steelcase**/office furniture & systems	1,810	18,500	Frank H Merlott	Grand Rapids, MI
74	73	**Giant Eagle**/grocery stores	1,800	12,000	David S Shapira	Pittsburgh, PA
75	77	**Hy-Vee Food Stores**/grocery stores	1,800e	8,000	Ron Pearson	Chariton, IA
76	64	**Graybar Electric**/electrical equipment wholesaling	1,795	4,600	Edward McGrath	St Louis, MO

■ Not on last year's list. ● Went private via leveraged buyout since 1984. e: Estimate. [1] Merger between Deloitte Haskins & Sells, ranked 151 last year, and Touche Ross & Co, ranked 67 last year, expected to be final by year-end. [2] Formerly HE Butt Grocery. [3] Estimate for fiscal year ending December 1989.

The 400 Largest Private Companies in the U.S.

Rank						
this year	last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
77	76	●**HealthTrust**/hospitals	$1,780e	20,000	R Clayton McWhorter	Nashville, TN
78	69	**George E Warren**/petroleum trading	1,761	35	Thomas L Corr	Vero Beach, FL
79	161	**Domino's Pizza**/pizza delivery & carryout	1,677	60,000	Thomas S Monaghan	Ann Arbor, MI
80	70	●**Colt Industries**/aerospace, automotive, industrial equipment	1,656	15,200	David I Margolis	New York, NY
81	90	**Trammell Crow Group**/real estate develop & mgmt	1,628	12,324	J McDonald Williams	Dallas, TX
82	118	**Lincoln Property**/real estate devel & mgmt	1,617	4,000	A Mack Pogue	Dallas, TX
83	99	**John Alden Financial**/insurance	1,616	1,631	Glendon E Johnson	Miami, FL
84	88	**DHL Worldwide Express**/air express service	1,600	20,000	Patrick Foley	Redwood City, CA
85	98	**Sammons Enterprises**/insurance, cable tv, industrial equip	1,600	6,800	Robert W Korba	Dallas, TX
86	80	**Amway**/household & personal care prods	1,513	7,000	Jay Van Andel	Ada, MI
87	129	**BeefAmerica**/meatpacking	1,500	2,400	Joseph Amore	Omaha, NE
88	92	●**Charter Medical**/hospitals & health care facilities	1,500e	13,600	William A Fickling Jr	Macon, GA
89	87	**Delaware North Cos**/food svcs, paramutuals, publshg, metal	1,500	17,500	Jeremy M Jacobs	Buffalo, NY
90	96	**Furr's**/grocery stores	1,500e	10,439	Jan Friederich	Lubbock, TX
91	78	**Union Holdings**/food processing, meatpacking, gas utility	1,500	2,400	Anthony L Geller	Independence, KS
92	62	●**Hillsborough Holdings**/home bldg, nat resources, ind mfg	1,429	8,900	Joe B Cordell	Tampa, FL
93	97	●**Hook-SupeRx**/drugstores	1,407e	12,000	Philip E Beekman	Cincinnati, OH
94	84	**Helmsley Enterprises**/real estate brokerage	1,400	13,000	Harry B Helmsley	New York, NY
95	133	**Holiday Cos**/gasoline & food retailing	1,400e	5,000	Ronald Erickson	Minneapolis, MN
96	176	**William Lyon Cos**/home bldg, apartment & real estate dev	1,390	950	William Lyon	Newport Beach, CA
97	102	**Global Petroleum**/petroleum wholesaling & retailing	1,380	450	Alfred A Slifka	Waltham, MA
98	108	**JMB Realty**/real estate syndication	1,380	17,000	Neil Bluhm	Chicago, IL
99	217	**Trump Organization**/hotels & casinos, real estate devel, airline	1,359e	25,000	Donald J Trump	New York, NY
100	94	**Dunavant Enterprises**/intl & domestic cotton merchant	1,350	2,130	William B Dunavant Jr	Memphis, TN
101	259	**Schwan's Sales Enterprise**/frozen foods	1,350	6,000	Marvin Schwan	Marshall, MN
102	120	**Kohler**/plumbing equip, engines, generators, hotels	1,343	14,300	Herbert V Kohler Jr	Kohler, WI
103	86	●**Reliance Electric**/elec motors, controls, power trans prods	1,303	13,000	John C Morley	Cleveland, OH
104	93	**Connell Rice & Sugar**/hvy equip leasing, food export & import	1,300	200	Grover Connell	Westfield, NJ
105	147	**Polo Ralph Lauren**/apparel, home furnishings and accessories	1,300	2,000	Peter Strom	New York, NY
106	105	**JR Simplot**/food processing, fertilizer, livestock	1,300	9,100	Gordon Smith	Boise, ID
107	109	**Gates**/rubber & formed fiber prods,recharg batteries	1,280	18,000	Charles C Gates	Denver, CO

■ Not on last year's list ● Went private via leveraged buyout since 1984 e: Estimate

Big Eight accountants are busy with balance sheet consolidations. Ernst & Whinney merged with Arthur Young, and Touche Ross is expected to join with Deloitte Haskins & Sells.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
108	95	●**Duracell Holdings**/batteries & lighting prods	$1,250	8,000	C Robert Kidder	Bethel, CT
109	104	**Hillman**/real est devel, dist office prods, investments	1,250	3,250	Henry L Hillman	Pittsburgh, PA
110	136	**Oxbow**/oil trading	1,250	300	William Koch	W Palm Beach, FL
111	103	●**Cole National**/specialty retailing	1,247	12,000	Jeffrey A Cole	Cleveland, OH
112	■	●**York International**/air conditioning, heating, refrig equip	1,235	10,000	James T Dresher	York, PA
113	146	●**First Brands**/auto care prods, plastic bags	1,200	3,800	Alfred E Dudley	Danbury, CT
114	206	**Southwire**/metal fabricating, wire & cable manufacturing	1,200	4,068	Roy Richards Jr[1]	Carrollton, GA
115	139	**Wegmans Food Markets**/grocery stores	1,200	5,957	Robert B Wegman	Rochester, NY
116	113	**Frederick Weisman**/imports Toyota vehicles, insurance	1,200	550	Frederick R Weisman	Glen Burnie, MD
117	126	●**Cullum Cos**/supermarkets, drugstores, meatpacking	1,194	4,802	Jack W Evans	Dallas, TX
118	101	**Restaurant Enterprises Group**/restaurants	1,194	29,395	Norman N Habermann	Irvine, CA
119	121	**Edward J DeBartolo**/real est devel & mgmt, dept strs, race track	1,189	15,000	Edward J DeBartolo	Youngstown, OH
120	81	●**Leaseway Transportation**/trucking	1,185	17,000	Richard A Damsel	Beachwood, OH
121	128	**A-Mark Financial**/wholesaler precious metals	1,176e	35	Steven C Markoff	Santa Monica, CA
122	166	**Dyson-Kissner-Moran**/multicompany	1,134	3,542	John A Moran	New York, NY
123	114	**Connell Limited Partnership**/metal recycling, industrial equip	1,131	3,185	William F Connell	Boston, MA
124	■	●**Foodmaker**/Jack in the Box, Chi-Chi's restaurants	1,115	3,500	Jack W Goodall Jr	San Diego, CA
125	119	**Frank Consolidated Enterprises**/auto dealerships & travel mgt	1,115	1,550	Zollie S Frank	Des Plaines, IL
126	106	●**Wickes Lumber**/wholesaling & retailing of building materials	1,105	6,800	William Hessler	Vernon Hills, IL
127	112	**Transammonia**/trading fertilizers & petroleum prods	1,103	191	Ronald P Stanton	New York, NY

The 15 automobile dealerships listed on these pages have combined revenues of $9.4 billion. The largest: Frank Consolidated Enterprises, with $1.1 billion in sales.

Rank this year	Rank last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
128	123	●**Avis**/auto rental	1,100	14,000	Joseph V Vittoria	Garden City, NY
129	135	**Lear Siegler Seating**/automobile seats	1,100e	8,000	Kenneth Way	Southfield, MI
130	144	**Perdue Farms**/poultry processing	1,100	12,080	Donald W Mabe	Salisbury, MD
131	74	**Gulf States Toyota**/auto importing	1,086	940	Jerry Pyle	Houston, TX
132	■	**Golodetz Corp**/trading, agri, real estate, venture capital	1,076	1,450	Marc L Ginzberg	New York, NY
133	134	●**Kash n' Karry Food Stores**/grocery stores	1,070	4,994	Ronald J Floto	Tampa, FL
134	122	**Gilbane Building**/commercial construction	1,056	1,015	Paul J Choquette Jr	Providence, RI
135	79	**Knoll Intl Holdings**/office furnishings, polyurethane foam	1,053	11,000	Marshall S Cogan	New York, NY
136	137	**Simpson Investment Co**/lumber, logging, plywood doors	1,050e	2,500	William G Reed Jr	Seattle, WA
137	125	**Sweet Life Foods**/food wholesaling	1,050	3,000	Julian Leavitt	Suffield, CT
138	164	**Maritz**/marketing & business services	1,047	5,000	William E Maritz	Fenton, MO

■ Not on last year's list. ● Went private via leveraged buyout since 1984. e: Estimate. [1]James Richards is co-president.

The 400 Largest Private Companies in the U.S.

Rank this year	 last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
139	■	●**JP Foodservice**/food distributor	$1,045	5,000	James Miller	Hanover, MD
140	127	●**Service America**/food service & vending	1,043	19,000	Steven Leipsner	Stamford, CT
141	110	**Dillingham Construction**/construction, engineering	1,022	1,200	Donald K Stager	Pleasanton, CA
142	162	**Tops Markets**/supermarkets	1,007	3,000	Savino P Nanula	Buffalo, NY
143	141	**Andersen Corp**/windows, patio doors	1,000	4,000	W Arvid Wellman	Bayport, MN
144	130	**Chilewich Sons**/commodity trading, cattle, meatpacking	1,000	850	Simon Chilewich	New York, NY
145	142	**Crowley Maritime**/maritime transportation	1,000	4,000	Thomas B Crowley	San Francisco, CA
146	131	**E&J Gallo Winery**/wine	1,000e	2,950	Ernest Gallo	Modesto, CA
147	153	**Grocers Supply Co**/food wholesaling	1,000	1,100	Milton Levit	Houston, TX
148	190	●**Guardian Industries**/flat glass, fiberglass insulation, plastics	1,000e	7,000	William Davidson	Northville, MI
149	205	**Lennox International**/climate control equipment	1,000	8,500	John W Norris Jr	Dallas, TX
150	■	**PA Bergner**/department stores, insurance, food svc	1,000e	20,000	Alan R Anderson	Milwaukee, WI
151	154	**Raley's**/grocery stores	1,000	6,700	Thomas P Raley	W Sacramento, CA
152	279	**Save Mart Supermarkets**/grocery stores	1,000[1]	7,000	Robert Piccinini	Modesto, CA
153	143	**Schnuck Markets**/grocery stores	1,000	4,200	Donald O Schnuck	Bridgeton, MO
154	234	VT/auto, aircraft & boat dealerships	990	2,900	Cecil Van Tuyl[2]	Merriam, KS
155	150	**Clark Enterprises**/commercial construction, real estate	980e	5,000	A James Clark	Bethesda, MD
156	148	**Thrifty Oil**/petroleum, convenience stores	980e	1,350	Ted Orden	Downey, CA
157	163	**Golden State Foods**/food process & distributing for McDonald's	960e	1,620	James E Williams	Pasadena, CA
158	115	●**LaSalle Energy**/natural gas pipeline	960	1,900	Roy H Bettis Jr	Dallas, TX
159	198	**First American Bankshares**/bank holding	953e	5,730	Jack W Beddow	Washington, DC
160	226	**Tishman Realty & Construction**/construction mgmt & real est	951	800	John Tishman	New York, NY
161	165	●**Epic Healthcare Group**/hospitals & health care facilities	950e	10,000	Kenn S George	Irving, TX
162	116	**Hartz Mountain**/pet food, real estate, publishing	950e[3]	5,000	Leonard Stern	Harrison, NJ
163	179	●**Pueblo International**/grocery stores	950	4,000	David Morrow	Pompano Bch, FL
164	185	**Schreiber Foods**/food processing	950e	2,250	Robert G Bush	Green Bay, WI
165	156	**Tauber Oil**/petroleum & petrochemical wholesaling	942	49	OJ Tauber Jr	Houston, TX
166	174	●**MWC**/pharmaceutical wholesaler	930	900	Mel Whitmire	Folsom, CA
167	160	●**Levitz Furniture**/furniture retailing	930	6,752	Robert M Elliott	Boca Raton, FL
168	173	**GLI Holding**/Greyhound bus lines	924	12,800	Fred G Currey	Dallas, TX
169	151	**DeMoulas Super Markets**/grocery stores	920	7,500	TA DeMoulas	Tewksbury, MA

■ Not on last year's list. ● Went private via leveraged buyout since 1984. e: Estimate. [1] Includes Fry's Foods acquired April 1989. [2] Larry Van Tuyl is co-chief executive. [3] Estimate for fiscal year ending December 1989.

The five health care service companies were all once public: Charter Medical, Epic Healthcare, HealthTrust, Hospital Corp. of America and Republic Health.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
170	200	●**Essex Group**/wire, cable & insulation	$920	3,851	John M Bruce	Fort Wayne, IN
171	187	**Amerco**/U-Haul vehicle rental	918	12,000	Edward J Shoen	Phoenix, AZ
172	138	●**Woodward & Lothrop/John Wanamaker**[1]/retailing	910	15,000	Arnold H Aronson	Washington, DC
173	89	**Food Services of America**[2]/food distributor, insurance	900e	3,000	Thomas J Stewart	Kent, WA
174	152	**Golub**/grocery stores	900e	5,000	Lewis Golub	Schenectady, NY
175	257	**Metallurg**/metals mining	900	3,500	Michael A Standen	New York, NY
176	167	**MorningStar Foods**/dairy & food processing	900	4,000	James A Bach	Dallas, TX
177	184	**Randall's Food Markets**/grocery stores	900	2,250	Robert R Onstead	Houston, TX
178	267	**Eby-Brown Cos**/candy, tobacco, food & merchandise distrib	893	830	Richard Wake[3]	Aurora, IL
179	145	●**Amsted Industries**/RR & industrial equip, bldg mtrls	889	8,100	Robert H Wellington	Chicago, IL
180	169	●**Kendall Co**/health care prods	887	10,000	J Dale Sherratt	Boston, MA
181	172	**Hughes Markets**/dairy, grocery stores	885	4,800	Roger K Hughes	Los Angeles, CA
182	117	**Fidelity Investments**/investment mgmt, discount brokerage	872	5,700	Edward C Johnson 3d	Boston, MA
183	196	**McDevitt & Street**/general contractor	868	2,700	E Robert Street	Charlotte, NC
184	170	**Merchants Distributors**/food wholesaling	867	3,000	Boyd George	Hickory, NC
185	219	**Science Applications International**/r&d, systems integration	865	10,000	Dr RJ Beyster	San Diego, CA
186	182	**American Protection Inds**/alarms, flower del, Franklin Mint	850	4,700	Stewart Resnick	Los Angeles, CA
187	177	**Duchossois Industries**/railroad equipment	850e	8,700	Richard L Duchossois	Elmhurst, IL
188	175	**84 Lumber**/retails building materials	850	3,000	Joseph A Hardy Sr	Eighty Four, PA
189	111	**Gillett Holdings**/broadcasting, meatpacking, resorts	850	2,400	George N Gillett Jr	Denver, CO
190	235	**Johnston Coca-Cola Bottling**/soft drink bottling	850	4,600	Summerfield Johnston Jr	Chattanooga, TN
191	191	**Jordan Co**/multicompany	850	9,000	John W Jordan II	New York, NY
192	171	**Pacific Holding**/multicompany	850e	4,400	David H Murdock	Los Angeles, CA
193	189	**Specialty Materials**[4]/flat-rolled stainless steel	849	1,300	Claude F Kronk	Pittsburgh, PA
194	181	**Ferrellgas**/propane gas	847	2,915	James E Ferrell	Liberty, MO
195	178	**Hunt Consolidated**/oil & gas exploration & refining, marketing	847	2,500	Ray L Hunt	Dallas, TX
196	■	●**Sheller-Globe**/steering wheels, dashboards, auto components	844	10,600	Alfred G Grava	Detroit, MI
197	197	**Holman Enterprises**/auto dealerships, parts remanufacturing	820	1,875	Joseph S Holman	Pennsauken, NJ
198	192	●**JPS Textile Group**/carpet, elastics, yarn, industrial fabrics	820	9,200	William J DeBrule	Greenville, SC
199	■	●**Mohasco**/furniture & carpet	814	6,275	Robert W Hatch	Fairfax, VA
200	■	**Harvard Industries**/auto & aerospace equip	800e	3,500	William D Hurley	Farmingdale, NJ

■ Not on last year's list. ● Went private via leveraged buyout since 1984. e: Estimate. [1] Listed as Taubman Investment last year. [2] Listed as Services Group of America last year. [3] Thomas Wake is co-president. [4] Listed as J&L Specialty Products last year.

Reader's Digest

This is probably the last year on the private company list for Reader's Digest Association ($2 billion revenues) and First Brands ($1.2 billion). Both have announced plans to go public. Central Newspapers (ranked 383 last year) went public in September.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
201	158	**Potamkin Manhattan**/auto dealerships	$800	2,000	Victor Potamkin	New York, NY
202	■	●**Uniroyal Chemical**/chemicals	800	2,600	Robert J Mazaika	Middlebury, CT
203	203	●**Arkansas Best**/trucking	797	11,421	Robert A Young III	Fort Smith, AR
204	180	**AppleTree Markets**[1]/grocery stores	796	2,800	Fred Lummis	Houston, TX
205	159	**Hunt Corp**/general contractor	788	2,800	Robert C Hunt	Indianapolis, IN
206	251	**Brookshire Grocery**/grocery stores	780e	6,300	Bruce G Brookshire	Tyler, TX
207	183	**Esprit de Corp**/apparel	780e	4,000	Corrado Federico	San Francisco, CA
208	214	●**Farm Fresh**/grocery stores	780	3,000	Michael E Julian	Norfolk, VA
209	242	**Young's Market**/food & liquor wholesaling	780	1,500	Vernon O Underwood Jr	Los Angeles, CA
210	■	●**GAF**/chemicals, building materials	771	4,366	Samuel J Heyman	Wayne, NJ
211	■	**Lechmere**/discount stores	769	4,000	C George Scala	Wolvern, MA
212	201	**Young & Rubicam**/advertising, communications	758	11,000	Alexander Kroll	New York, NY
213	■	●**Super Rite Foods**/grocery stores	757	1,500	Alex Grass	Harrisburg, PA
214	238	**Crown American**/depart stores, real estate mgmt & devel	753	13,000	Frank J Pasquerilla	Johnstown, PA
215	237	●**Insilco**/metal fabricating, electronics, commun, paint	752	9,000	Joel L Reed	Midland, TX
216	212	**Associated Metals & Minerals**/steel trading	750	235	Stefan E Eliel	White Plains, NY
217	312	●**International Controls**/auto parts & truck mfg	750e	3,700	Davud R Markin	Kalamazoo, MI
218	■	●**Lear Siegler**/vehicle components, industrial equip	750	13,000	Richard W Vieser	Livingston, NJ
219	193	**Oklahoma Publishing**/publishing, broadcasting, entertainment	750	8,000	Edward L Gaylord	Oklahoma City, OK
220	■	●**Shapell Industries**/land developer, construction	747	420	Nathan Shappell	Beverly Hills, CA
221	■	●**Horace Mann**/insurance	746	1,575	Paul J Kardos	Springfield, IL
222	266	**Bath Iron Works**/shipbuilding	742	11,200	William E Haggett	Bath, ME
223	210	●**Tracor**/precision instruments	741	10,800	Mellon C Baird	Austin, TX
224	220	**Johnson & Higgins**/insur brokerage, risk mgmt consultant	731	7,396	Robert V Hatcher Jr	New York, NY
225	391	●**Kohl's Department Stores**/department stores	730	9,000	William Kellogg	Menomonee Falls, WI
226	227	**Exide**/auto & industrial batteries	725	5,500	Arthur Hawkins	Reading, PA
227	233	**C&S Wholesale Grocers**/wholesale grocery distributors	720	850	Richard B Cohen	Brattleboro, VT
228	260	**WWF Paper**/fine paper distributor	715	650	Edward V Furlong Jr	Bala Cynwyd, PA
229	288	**PMC**/specialty chemicals, foam, plastics	710e	4,500	Philip Kamins	Sun Valley, CA
230	236	●**Pullman**/transportation equip, auto parts	710	7,300	Robert A Kenkel	Princeton, NJ
231	211	**Rich Products**/frozen foods, pro sports, broadcasting	710	5,900	Robert E Rich Jr	Buffalo, NY

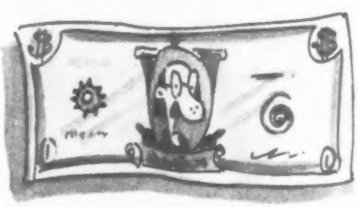
■ Not on last year's list. ● Went private via leveraged buyout since 1984. e: Estimate. [1]Formerly Safeway Texas Division.

Four major auto rental companies are on this list: Avis, National, Budget and Alamo. Hertz, the biggest car renter, is 49% owned by Ford and 26% owned by Volvo, while Thrifty was purchased by Chrysler in May 1989.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
232	262	●**Parsons Corp**/engineerng, design & construction	$707	8,000	William E Leonhard	Pasadena, CA
233	286	**Morse Operations**/auto dealerships	706	819	EJ Morse Sr	Fort Lauderdale, FL
234	■	**Huntsman Chemical**/chemicals, plastics	704	586	Jon M Huntsman	Salt Lake City, UT
235	246	●**Ampex**/tv, broadcast equip, magnetic tape	702	6,700	Max O Mitchell	Redwood City, CA
236	307	**Club Corporation International**/athletic clubs, resorts	700	15,000	Robert H Dedman	Dallas, TX
237	325	**Harbert**/commcl construct, real est dev, oil & gas	700	3,000	John M Harbert III	Birmingham, AL
238	216	●**National Car Rental**/car rental	700	8,500	Vincent A Wasik	Minneapolis, MN
239	209	**TRC**/Friendly's & other restaurants	700	7,800	Donald N Smith	Itasca, IL
240	218	**Wilbur-Ellis**/distributing farm supplies & chemicals	700e	1,900	Brayton Wilbur	San Francisco, CA
241	240	**United Van Lines**/moving services	697	950	Maurice Greenblatt	Fenton, MO
242	■	●**S&A Restaurant Corp**/restaurants	690	30,000	Donald J Slater	Dallas, TX
243	188	●**Cone Mills**/textiles	688	8,702	Dewey L Trogdon	Greensboro, NC
244	■	**Enterprise Leasing Co**/auto leasing & related svcs	687	4,500	Jack Taylor	St Louis, MO
245	239	**Mellon Stuart Holdings**/construction	685	1,100	Robert H Luffy	Pittsburgh, PA
246	■	**Homeland**/grocery stores	680	6,200	Max E Raydon	Oklahoma City, OK
247	231	**Roseburg Forest Products**/forest prods	680	5,200	John J Stephens	Roseburg, OR
248	244	**King Kullen Grocery**/grocery stores	675e	2,500	John B Cullen	Westbury, NY
249	323	●**AFG Industries**/flat glass manufacturing	662	6,000	RD Hubbard	Fort Worth, TX
250	■	●**New Hampshire Oak**[1]/specialty chemicals & auto prods	662	3,700	Michael D Dingman	Hampton, NH
251	■	**Ohio Mattress**/mattresses, waterbeds, sofabeds	661	5,500	Malcolm Candlish	Cleveland, OH
252	223	**Brenlin Group**/metal fabricating, steel	660e	4,000	David L Brennan	Akron, OH
253	271	**The Andersons**/agribusiness, consumer prods	657	835	Richard P Anderson	Maumee, OH
254	221	**Arcata Graphics**/book & magazine printing	650	6,976	Edward L Scarff	Baltimore, MD
255	207	**Braman Enterprises**/auto dealerships	650	825	Norman Braman	Miami, FL
256	334	**Coca-Cola Bottling Co of Chicago**/soft drink bottling	650e	3,500	Marvin J Herb	Chicago, IL
257	310	**Flying J**/integrated petroleum	650	1,800	O Jay Call	Brigham City, UT
258	276	**Gordon Food Service**/food distributing	650e	1,600	Paul Gordon	Grand Rapids, MI
259	■	●**Mayfair Supermarkets**/grocery stores	650	1,740	Stanley P Kaufelt	Elizabeth, NJ
260	232	**Tang Industries**/metal fabricating & distributing	650e	3,000	Cyrus Tang	Elk Grove Vill, IL
261	256	●**Jim Walter**/building materials	650	3,300	Kenneth E Hyatt	Tampa, FL
262	249	●**Warnaco**/apparel	649	11,618	Linda J Wachner	New York, NY

■ Not on last year's list. ● Went private via leveraged buyout since 1984. e: Estimate. [1]Formerly Henley Manufacturing.



57 of these companies have helped put their owners on The Forbes Four Hundred list of the richest people in America. Among the private-company billionaires are the Newhouses of Advance Publications, the Mars family of Mars, Inc., and Stephen Bechtel Jr. of Bechtel Group.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
263	254	•**Big V Supermarkets**/grocery stores	$648e	1,500	David G Bronstein	Florida, NY
264	253	**Drummond**/coal	647	3,300	Garry N Drummond	Jasper, AL
265	265	**Encyclopaedia Britannica**/reference books, educational svcs	633e	1,200	Robert P Gwinn	Chicago, IL
266	284	**JM Huber**/natural resources	632	3,957	Michael W Huber	Edison, NJ
267	319	**Schottenstein Stores**/department & furniture stores	628	8,000	Jerome Schottenstein	Columbus, OH
268	213	•**Channel Home Centers**/home improvement centers	625	7,500	Malcolm L Sherman	Whippany, NJ
269	255	**B Green & Co**/food wholesaling, grocery stores	625	1,731	Bernard Green	Baltimore, MD
270	292	**Continental Cablevision**/cable broadcasting	622	6,000	Amos B Hostetter Jr	Boston, MA
271	■	**Watt Industries**/real estate	622	800	Raymond A Watt	Santa Monica, CA
272	■	•**Ethan Allen**/furniture, accessories, rugs	620	5,400	M Farooq Kathwari	Danbury, CT
273	331	**Worldmark**/bldg materials, intermediate aluminum prods	620	1,600	Dean Rhoads	N Palm Beach, FL
274	287	**Inland Group**/financing, insurance & brokerage	619	1,500	Daniel L Goodwin	Oak Brook, IL
275	225	**Oppenheimer & Co**/sec brokerage, invest banking	617	2,400	Stephen Robert	New York, NY
276	■	**Edgcomb**/steel service center	617	1,639	Henry Kramer	Bensalem, PA
277	243	**Farmstead Foods**/meatpacking	615	3,200	Keith Barnes	Albert Lea, MN
278	299	**Towers, Perrin, Forster & Crosby**/consulting, reinsurance	613	4,900	James E Kielley	New York, NY
279	264	•**Mayflower Group**/moving svcs, bus transportation	612	2,400	Michael L Smith	Indianapolis, IN
280	329	**Marley**/cooling towers, boilers, pumps	611	4,700	Robert J Dineen	Shawnee Msn, KS
281	362	**ICC Industries**/chemicals	610	1,200	John J Farber	New York, NY
282	222	**McCarthy**/general contractors, construction	610	2,000	Michael M McCarthy	St Louis, MO
283	277	**Minyard Food Stores**/grocery stores	610	5,400	Liz Minyard[1]	Coppell, TX
284	250	**Phelps**/commercial construction	610	2,300	Jerry L Morgensen	Greeley, CO
285	272	**Irvine Co**/real estate development	607	350	Donald Bren	Newport Bch, CA
286	297	•**The Musicland Group**/music stores	603	4,915	Jack W Eugster	Minneapolis, MN
287	274	**Bartlett & Co**/grain, flour, cattle feed	600e	540	Paul D Bartlett Jr	Kansas City, MO
288	■	•**Electrolux**/vacuum cleaners	600	7,306	Dennis Johnson	Marietta, GA
289	366	**WL Gore & Assocs**/Gore-tex fabrics, electronics, indus prods	600	5,071	Robert W Gore	Newark, DE
290	289	**Jitney-Jungle Stores of America**/grocery stores	600e	3,000	WH Holman Jr	Jackson, MS
291	313	**McKinsey & Co**/consulting	600	3,300	Frederick W Gluck	New York, NY
292	326	**SnyderGeneral**/air quality control equipment	600	7,300	Richard W Snyder	Dallas, TX
293	280	•**White Swan**/food wholesaling	600	1,800	Ronald E Elmquist	Fort Worth, TX

■ Not on last year's list. • Went private via leveraged buyout since 1984. e: Estimate. [1]Gretchen Williams is co-chairman.

53 of the companies on this list wholesale or retail food. Their revenues total $80 billion.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
294	248	**Battelle Memorial Institute**/research & development	$597	7,546	Dr Douglas E Olesen	Columbus, OH
295	269	**JM Petroleum**/wholesale petroleum, trucking	590	180	James C Musselman	Dallas, TX
296	342	**Hendrick Management**/auto dealerships, sportswear	589	1,400	JR Hendrick III	Charlotte, NC
297	204	•**Bell & Howell**/publishing, info systems	589	6,733	Nils Johansson[1]	Skokie, IL
298	320	**LL Bean**/outdoor sporting goods retailing & mfg	580	3,000	Leon A Gorman	Freeport, ME
299	157	**Axel Johnson**/telecommunications, ind prods, energy	580	1,600	Paul E Graf	New York, NY
300	281	**Barton-Malow Enterprises**/construct mgmt, gnrl contract	579	1,200	Ben C Maibach III	Southfield, MI
301	285	**Lykes Bros**/food processing, insurance	575e	2,500	Thompson L Rankin	Tampa, FL
302	229	**MediaNews Group**/newspapers	572e	5,728	W Dean Singleton	Houston, TX
303	291	**Pamida**/discount department stores	568	6,000	C Clayton Burkstrand	Omaha, NE
304	361	**Horsehead Industries**/zinc, carbon, graphite, envir svcs	567e	2,800	William E Flaherty	New York, NY
305	301	**GSC Enterprises**/food wholesaling	567	1,200	Michael K McKenzie	Sulphur Sprgs, TX
306	■	**Whiting-Turner Contracting**/comm construct & contract	561	1,250	W Hackerman	Towson, MD
307	343	**McLouth Steel**/steel	560e	2,200	Edward L Sambuchi	Trenton, MI
308	■	**Thermadyne Holdings**/industrial mgmt	560	3,500	James N Mills	St Louis, MO
309	327	•**Hall-Mark Electronics**/electronics, computer systems	557	1,140	Joseph W Semmer	Dallas, TX
310	293	**UIS**/auto parts	557	6,200	Harry Lebensfeld	New York, NY
311	168	•**DynCorp**/technical & aviation svcs	556	15,000	Dan Bannister	Reston, VA
312	298	**Schneider National**/trucking	556	6,500	Donald J Schneider	Green Bay, WI
313	308	**American Food Groups**[2]/meatpacking	550e	1,800	Carl Kuehne	Green Bay, WI
314	275	**Chase Enterprises**/real estate, insurance, communications	550	5,200	David Chase	Hartford, CT
315	■	**Mercury Stainless**/stainless steel prods	550	1,250	Dietrich M Gross	Wheeling, IL
316	241	•**Ticor**/title insurance & real estate tax svcs	549	5,730	Winston V Morrow	Los Angeles, CA
317	228	**Boy's Markets**[3]/supermarkets	547	1,000	Peter Sodini	Highland Park, CA
318	270	**North Pacific Lumber**/wholesales forest, agri, steel prods	545	380	TJ Tomjack	Portland, OR
319	230	**Placid Oil**/oil & gas exploration	541	1,100	CD Brown	Dallas, TX
320	■	**Schal Associates**/construction	540e	350	Richard C Halpern	Chicago, IL
321	273	•**Morse Shoe**/shoes	536	4,300	Manuel Rosenberg	Canton, MA
322	356	•**AutoZone**/auto parts stores	535	5,800	JR Hyde III	Memphis, TN
323	318	•**Northwestern Steel & Wire**/carbon steel, rod & wire prods	535	2,865	Robert M Wilthew	Sterling, IL
324	■	•**Florida Steel**/steel manufacturing & marketing	532	2,423	Edward Flom	Tampa, FL

■ Not on last year's list. • Went private via leveraged buyout since 1984. e: Estimate. [1] Acting chief executive. [2] Formerly Consolidated Beef Industries. [3] Listed as American Breco last year.

High-technology firms are the exception on this list. Among the few are Ampex, Tracor, Science Applications International and Hall-Mark Electronics.

The 400 Largest Private Companies in the U.S.

Rank this year	Rank last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
325	306	**CC Industries**/home furnishings, paper, real estate devel	$525	6,400	Neele E Stearns	Chicago, IL
326	321	**Coca-Cola Bottling Co of NY**/soft drink bottling	525	3,000	James Maloney	Greenwich, CT
327	309	**Coulter Electronics**/medical & electronic equipment	525e	5,200	Wallace H Coulter	Hialeah, FL
328	311	**Griffin Group**/real estate, casino, radio stations, tv	525	8,000	Merv Griffin	New York, NY
329	■	**Geneva Steel**/steel	521	2,550	Joseph A Cannon	Orem, UT
330	330	•**Joy Technologies**/mining & industrial equipment	521	4,300	Marc F Wray	Pittsburgh, PA
331	■	•**Minstar**/boats & sporting goods	518	4,900	Irwin L Jacobs	Minneapolis, MN
332	355	**Rock-Tenn**/paperboard & packaging prods	516	4,300	A Worley Brown	Norcross, GA
333	■	**Abco Markets**/grocery stores	515	5,800	Edward Hill	Phoenix, AZ
334	■	•**Budget Rent a Car**/auto & truck rental & leasing	512	5,540	Clifton E Haley	Chicago, IL
335	300	•**Dr Pepper/Seven-Up Cos**/soft drinks	510	842	John R Albers	Dallas, TX
336	381	**MA Mortenson**/general contracting, construction manager	510	1,300	MA Mortenson Jr	Minneapolis, MN
337	335	**Racetrac Petroleum**/convenience strs, gasoline retailing	506	1,700	Carl Bolch Jr	Atlanta, GA
338	322	**Walton Monroe Mills**/textiles	505	5,000	G Stephen Felker	Monroe, GA
339	368	**Alling & Cory**/paper, packaging & business prods	504	1,100	Samuel T Hubbard Jr	Rochester, NY
340	317	**Georgia Crown Distributing**/beverage distribution	502e	600	Donald M Leebern Jr	Columbus, GA
341	263	•**PIE Nationwide**/trucking	502	8,000	Charles F Rodgers	Jacksonville, FL
342	302	**Aarque Cos**/metal fabricating	500	2,300	R Quintus Anderson	Jamestown, NY
343	377	**Asplundh Tree Expert**/tree trimming for elec utilities	500	13,500	Edward K Asplundh	Willow Grove, PA
344	304	**Bacardi Imports**/distilled spirits & wine	500	280	Juan Grau	Miami, FL
345	339	**Chemcentral**/chemical distributing	500	750	H Daniel Wenstrup	Chicago, IL
346	328	**Lewis Homes Group**/home building, real estate development	500	920	Richard A Lewis	Upland, CA
347	■	**Little Caesar International**/pizza restaurants	500e	10,532	Michael Ilitch	Farmington Hls, M
348	■	**Mennen**/personal care prods	500	3,000	L Donald Horne	Morristown, NJ
349	295	•**Republic Health**/hospitals	500	6,000	Bryan P Marsal	Dallas, TX
350	■	**Stevedoring Services of America**/ship loading	500	2,000	FD Ricky Smith	Seattle, WA
351	351	**Warren Equities**/petroleum prods, convenience stores	500	1,700	Warren Alpert	New York, NY
352	■	**Washington Corp**/heavy construct, mining, public utilities	500	3,000	Dennis Washington	Missoula, MT
353	316	**Wheaton Inds**/glass manufacturing	500	10,000	Frank H Wheaton Jr	Millville, NJ
354	261	**Wyatt**/petroleum wholesaling	500e	85	Kirk F Blanchard	New Haven, CT
355	333	**HB Zachry**/general contractor	500e	7,500	H Bartell Zachry Jr	San Antonio, TX

■ Not on last year's list. • Went private via leveraged buyout since 1984. e: Estimate.

One private automaker lands on this list: Youngstown, Ohio-based Cafaro Co. A shopping mall developer, Cafaro also makes the limited-production Avanti luxury car.

The 400 Largest Private Companies in the U.S.

Rank						
this year	last year	Company/business	Revenues ($mil)	Employees	Chief executive	City, state
356	■	•**Esstar**/building materials, elec tools	$499e	4,400	Robert A Haversat Sr	New Haven, CT
357	■	**Halstead Industries**/copper tubing	499	2,400	William B Halstead	Greensboro, NC
358	■	•**Bibb**/textiles	497	7,100	Thomas C Foley	New York, NY
359	■	**Menasha**/pkg, printing, plastics, forest prods	492	3,500	WH Drew	Neenah, WI
360	363	**National Cleaning Contractors**/bldg & elev maintenance svcs	490e	24,000	Michael Sweig	New York, NY
361	199	**Ruffin Cos**/petrol trading, convenience strs, handtrucks	489	800	Phil G Ruffin	Wichita, KS
362	■	•**Envirodyne Industries**/sausage casings, plastics	488	4,500	Donald P Kelly	Oakbrook, IL
363	392	**Lusk Co**/residential construction	487	500	John D Lusk	Irvine, CA
364	357	**ER Carpenter**/polyurethane foam	485	6,200	Stanley F Pauley	Richmond, VA
365	268	**World-wide Volkswagen**/auto distributing	484	250	Victor Elmaleh[1]	Orangeburg, NY
366	347	**Rosenthal Cos**/auto dealerships	483	1,235	Robert M Rosenthal	Arlington, VA
367	■	**Charlie Thomas Auto World**/auto dealerships	482	1,200	Charlie Thomas	Houston, TX
368	340	**Day & Zimmermann**/engin, consult, bus svcs, real est	480	14,000	Harold L Yoh Jr	Philadelphia, PA
369	390	**Humiston-Keeling**/wholesale drug distribution	474	185	Burton H Olin	Chicago, IL
370	352	**Investors Management**/restaurants	474	18,500	James H Maynard	Raleigh, NC
371	349	**United Co**/coal, oil, gas, real estate, financial svcs	473	1,275	James W McGlothlin	Bristol, VA
372	379	**Wawa**/convenience stores	472	1,733	Richard D Wood Jr	Wawa, PA
373	283	**HCB Contractors**/general contracting, construction mgmt	471	2,000	Lawrence A Wilson	Dallas, TX
374	359	**Bill Heard Enterprises**/auto dealerships	470	1,500	Bill Heard Jr	Columbus, GA
375	364	•**Pay 'N Pak**/home improvement centers	463	2,364	John Markley	Kent, WA
376	■	**Cafaro Company**/shopping center devel, auto mfg	460e	4,350	Anthony Cafaro	Youngstown, OH
377	■	**Catalyst Energy**/alternative producer of elec & steam energy	460	760	Tom B Pickens III	New York, NY
378	294	**Austin Industries**/general contracting, construct, engineering	456	6,500	William T Solomon	Dallas, TX
379	353	**Curry Auto Group**/auto dealerships	454	800	Bernard F Curry Jr	Scarsdale, NY
380	336	**Koll**/real estate development, general contractor	454	1,000	Donald M Koll	Newport Beach, CA
381	337	**Dobbs Brothers Management**/auto dealerships	453	1,350	Jimmy Dobbs III	Memphis, TN
382	338	**Schwegmann Giant Super Markets**/grocery stores	452	4,800	John F Schwegmann	New Orleans, LA
383	■	**Automanage**/auto dealerships	450	1,431	Michael L Dever	Cincinnati, OH
384	367	**Booz, Allen & Hamilton**/management & technology consult	450e	3,725	R Michael McCullough	New York, NY
385	350	•**Ceco**/building materials	450	6,500	Erwin E Schulze	Oakbrook Terr, IL
386	389	**Haworth**/office furniture	450	3,400	Richard G Haworth	Holland, MI
387	374	**Home Interiors & Gifts**/wholesale decorative accessories	450	1,500	Donald J Carter	Dallas, TX
388	344	**Meadowdale Foods**/grocery stores, food wholesaling	450e	1,670	David K Page	Detroit, MI
389	345	**Moyer Packing**/meatpacking & processing	450e	1,100	Curtis F Moyer	Souderton, PA
390	■	**Prospect Motors**/auto dealerships, fleet sales	450	74	William Halvorson	Jackson, CA
391	370	**Transnational Motors**/wholesaler & distrib of Mazdas	450	125	Robert L Hooker	Grand Rapids, MI
392	■	**Jervis B Webb**/material handling equip & systems	450	2,500	Jervis C Webb	Farmington Hls, MI
393	■	**DiFeo Automotive Network**/auto dealerships	448	950	Sam DiFeo	Jersey City, NJ
394	378	**Alamo Rent A Car**/car rental	445	3,500	Michael S Egan	Fort Lauderdale, FL
395	382	**Journal Communications**/newspapers, broadcasting, printing	443	3,900	Thomas J McCollow	Milwaukee, WI
396	380	**Almacs**/grocery stores	443e	1,150	Joseph Burkle	East Providence, RI
397	373	**Flint Ink**/chemicals, construction	440	2,590	CW Flint Jr	Detroit, MI
398	369	**McWane**/pipe mfg, water treatment equip	440e	3,100	JR McWane	Birmingham, AL
399	■	**Specialty Retailers**/specialty stores	440	6,400	Bernard Fuchs	Houston, TX
400	■	**Spalding & Evenflo**/sporting goods, baby prods	439e	2,950	Donald J Byrnes	Tampa, FL

■ Not on last year's list. • Went private via leveraged buyout since 1984. e: Estimate. [1]Frank Stanton is co-chairman.

The 400 Largest Private Companies in the U.S.

This is an alphabetical listing of the 400 largest private companies in the U.S. For those companies taken private since 1984, the year the transaction was completed is provided. The companies are ranked by revenues starting on page 220.

Company	Rank	Company	Rank	Company	Rank
A-Mark Financial	121	LL Bean	298	Connell Rice & Sugar	104
Aarque Cos	342	Beatrice Company/1986	25	Continental Cablevision	270
Abco Markets	333	Bechtel Group	18	Continental Grain	5
Advance Publications	41	BeefAmerica	87	Coopers & Lybrand	34
AFG Industries/1988	249	Belk Brothers	48	Coulter Electronics	327
Alamo Rent A Car	394	Bell & Howell/1988	297	Cox Enterprises	72
Alco Health Services/1989	63	Best Products/1988	60	Crowley Maritime	145
John Alden Financial	83	Bibb/1985	358	Crown American	214
Alling & Cory	339	Big V Supermarkets/1987	263	Cullum Cos/1988	117
Almacs	396	Booz, Allen & Hamilton	384	Cumberland Farms	35
Amerco	171	Borg-Warner/1987	55	Curry Auto Group	379
American Financial	28	Boy's Markets	317	C&S Wholesale Grocers	227
American Food Groups	313	Braman Enterprises	255	Day & Zimmermann	368
American Protection Industries	186	Brenlin Group	252	Edward J DeBartolo	119
American Standard/1988	26	Brookshire Grocery	206	Delaware North Cos	89
Ampex/1987	235	Budget Rent a Car/1989	334	Deloitte & Touche	36
Amsted Industries/1986	179	Burlington Industries/1987	53	DeMoulas Super Markets	169
Amway	86	Cafaro Company	376	DHL Worldwide Express	84
Arthur Andersen	30	Cargill	1	DiFeo Automotive Network	393
Andersen Corp	143	Carlson Cos	13	Dillingham Construction	141
The Andersons	253	ER Carpenter	364	Dobbs Brothers Management	381
Anschutz	32	Catalyst Energy	377	Dr Pepper/Seven-Up Cos/1984	335
AppleTree Markets	204	CC Industries	325	Dominick's Finer Foods	71
ARA Services/1984	23	Ceco/1986	385	Domino's Pizza	79
Arcata Graphics	254	Channel Home Centers/1986	268	Drexel Burnham Lambert	19
Arkansas Best/1988	203	Charlie Thomas Auto World	367	Drummond	264
Asplundh Tree Expert	343	Charter Medical/1988	88	Duchossois Industries	187
Associated Metals & Minerals	216	Chase Enterprises	314	Dunavant Enterprises	100
Astroline	44	Chemcentral	345	Duracell Holdings/1988	108
Austin Industries	378	Chilewich Sons	144	DynCorp/1988	311
Automanage	383	Clark Enterprises	155	Dyson-Kissner-Moran	122
AutoZone/1987	322	Club Corporation International	236	Eby-Brown Cos	178
Avis/1986	128	Coca-Cola Bottling Co of Chicago	256	Jack Eckerd/1986	39
Bacardi Imports	344	Coca-Cola Bottling Co of NY	326	Edgcomb	276
Bartlett & Co	287	Cole National/1984	111	84 Lumber	188
Barton-Malow Enterprises	300	Colt Industries/1988	80	Electrolux/1987	288
Bath Iron Works	222	Cone Mills/1984	243	Encyclopaedia Britannica	265
Battelle Memorial Institute	294	Connell Limited Partnership	123	Enterprise Leasing Co	244

The 400 Largest Private Companies in the U.S

Company	Rank
Envirodyne Industries/1989	362
Epic Healthcare Group/1988	161
Ernst & Young	21
Esprit de Corp	207
Essex Group/1988	170
Esstar/1989	356
Estée Lauder Cos	67
Ethan Allen/1989	272
Exide	226
Farley	40
Farm Fresh/1988	208
Farmstead Foods	277
Ferrellgas	194
Fidelity Investments	182
Finevest Services	54
First American Bankshares	159
First Brands/1986	113
Flint Ink	397
Florida Steel/1988	324
Flying J	257
Food Services of America	173
Foodmaker/1988	124
Fort Howard/1988	70
Frank Consolidated Enterprises	125
Furr's	90
GAF/1989	210
E&J Gallo Winery	146
Gates	107
Geneva Steel	329
Georgia Crown Distributing	340
Giant Eagle	74
Gilbane Building	134
Gillett Holdings	189
GLI Holding	168
Global Petroleum	97
Golden State Foods	157
Goldman, Sachs	31
Golodetz Corp	132
Golub	174
Gordon Food Service	258
WL Gore & Assocs	289
Grand Union	42
Graybar Electric	76
B Green & Co	269
Griffin Group	328
Grocers Supply Co	147
GSC Enterprises	305
Guardian Industries/1985	148
Gulf States Toyota	131
H Group Holdings	49
Hallmark Cards	51
Hall-Mark Electronics/1988	309
Halstead Industries	357
Harbert	237
Hartz Mountain	162
Harvard Industries	200
Haworth	386
HCB Contractors	373
HealthTrust/1987	77
Bill Heard Enterprises	374
Hearst Corp	66
HEB Grocery	45
Helmsley Enterprises	94
Hendrick Management	296
Hillman	109
Hillsborough Holdings/1988	92
Holiday Cos	95
Holman Enterprises	197
Home Interiors & Gifts	387
Homeland	246
Hook-SupeRx/1986	93
Horace Mann/1989	221
Horsehead Industries	304
Hospital Corp of America/1989	24
JM Huber	266
Hughes Markets	181
Humiston-Keeling	369
Hunt Consolidated	195
Hunt Corp	205
Huntsman Chemical	234
Hy-Vee Food Stores	75
ICC Industries	281
Ingram Industries	59
Inland Group	274
Insilco/1988	215
International Controls/1987	217
Investors Management	370
Irvine Co	285
Jitney-Jungle Stores of America	290
JM Family Enterprises	50
JM Petroleum	295
JMB Realty	98
Axel Johnson	299
SC Johnson & Son	64
Johnson & Higgins	224
Johnston Coca-Cola Bottling	190
Jordan Co	191
Journal Communications	395
Joy Technologies/1986	330
JP Foodservice/1989	139
JPS Textile Group/1988	198
Kash n' Karry Food Stores/1988	133
Kendall Co/1988	180
Peter Kiewit Sons'	14
King Kullen Grocery	248
Knoll International Holdings	135
Koch Inds	2
Kohler	102
Kohl's Department Stores/1986	225
Koll	380
KPMG	22
LaSalle Energy/1987	158
Lear Siegler/1987	218
Lear Siegler Seating	129
Leaseway Transportation/1987	120
Lechmere	211
Lefrak Organization	37
Lennox International	149
Levi Strauss & Co/1985	33
Levitz Furniture/1985	167
Lewis Homes Group	346
Lincoln Property	82
Little Caesar International	347
Lusk Co	363
Lykes Bros	301
William Lyon Cos	96
MacAndrews & Forbes Holdings	12
RH Macy/1986	9
Maritz	138
Marley	280
Marmon Group	29
Mars	7
Mayfair Supermarkets/1989	259
Mayflower Group/1986	279
McCarthy	282
McDevitt & Street	183
McKinsey & Co	291
McLane	56
McLouth Steel	307
McWane	398
Meadowdale Foods	388
MediaNews Group	302
Meijer	57

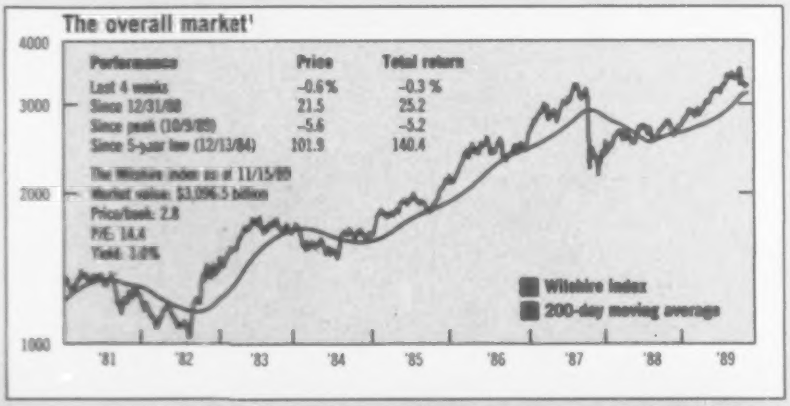
The 400 Largest Private Companies in the U.S.

Company	Rank
Mellon Stuart Holdings	245
Menasha	359
Mennen	348
Merchants Distributors	184
Mercury Stainless	315
Metallurg	175
Metromedia/1984	62
Milliken & Co	38
Minstar/1988	331
Minyard Food Stores	283
Mohasco/1989	199
Montgomery Ward & Co/1988	16
MorningStar Foods	176
Morse Operations	233
Morse Shoe/1987	321
MA Mortenson	336
Moyer Packing	389
The Musicland Group/1988	286
MWC/1988	166
National Car Rental/1986	238
National Cleaning Contractors	360
New Hampshire Oak/1987	250
North Pacific Lumber	318
Northwestern Steel & Wire/1988	323
NWA/1989	11
Ohio Mattress	251
Oklahoma Publishing	219
Oppenheimer & Co	275
Owens-Illinois/1987	27
Oxbow	110
PA Bergner	150
Pacific Holding	192
Pamida	303
Parsons Corp/1984	232
Pay 'N Pak/1988	375
Payless Cashways/1988	68
Penske	52
Perdue Farms	130
Phelps	284
PIE Nationwide/1986	341
Placid Oil	319
PMC	229
Polo Ralph Lauren	10[illegible]
Potamkin Manhattan	201
Price Waterhouse	46
Prospect Motors	390
Publix Super Markets	15
Pueblo International/1988	163
Pullman/1988	230
RAB Holdings	58
Racetrac Petroleum	337
Raley's	151
Randall's Food Markets	177
Reader's Digest Association	65
Red Apple Cos	69
Reliance Electric/1986	103
Republic Health/1986	349
Restaurant Enterprises Group	118
Revco DS/1986	43
Rich Products	231
Riklis Family Corp	47
RJR Nabisco/1989	3
Rock-Tenn	332
Roseburg Forest Products	247
Rosenthal Cos	366
Ruffin Cos	361
S&A Restaurant Corp/1989	242
Safeway Stores/1986	4
Sammons Enterprises	85
Save Mart Supermarkets	152
Schal Associates	320
Schneider National	312
Schnuck Markets	153
Schottenstein Stores	267
Schreiber Foods	164
Schwan's Sales Enterprise	101
Schwegmann Giant Super Markets	382
Science Applications International	185
Scoular	61
Service America/1987	140
Shapell Industries/1984	220
Sheller-Globe/1987	196
JR Simplot	106
Simpson Investment Co	136
SnyderGeneral	292
Southland/1987	8
Southwire	114
Spalding & Evenflo	400
Specialty Materials	193
Specialty Retailers	399
Steelcase	73
Stevedoring Services of America	350
Stop & Shop Cos/1988	17
Super Rite Foods/1989	213
Supermarkets General/1987	10
Sweet Life Foods	137
Tang Industries	260
Tauber Oil	165
Thermadyne Holdings	308
Thrifty Oil	156
Ticor/1984	316
Tishman Realty & Construction	160
Tops Markets	142
Towers, Perrin, Forster & Crosby	278
Tracor/1987	223
Trammell Crow Group	81
Trans World Airlines/1988	20
Transammonia	127
Transnational Motors	391
TRC	239
Trump Organization	99
UIS	310
Union Holdings	91
Uniroyal Chemical/1989	202
United Co	371
United Parcel Service	6
United Van Lines	241
VT	154
Jim Walter/1988	261
Walton Monroe Mills	338
Warnaco/1986	262
George E Warren	78
Warren Equities	351
Washington Corp	352
Watt Industries	271
Wawa	372
Jervis B Webb	392
Wegmans Food Markets	115
Frederick Weisman	116
Wheaton Inds	353
White Swan/1988	293
Whiting-Turner Contracting	306
Wickes Lumber/1988	126
Wilbur-Ellis	240
Woodward & Lothrop/1985	172
Worldmark	273
World-wide Volkswagen	365
WWF Paper	228
Wyatt	354
York International/1988	112
Young & Rubicam	212
Young's Market	209
HB Zachry	355

The Forbes Wall Street Review

Edited by Eric S. Hardy

The razing of the Berlin Wall may spell yet more bad news for military contractors, according to George D. Shapiro, a Salomon Brothers analyst. He points out the defense budget has been falling (in real terms) the past five years, and new East-West optimism may accelerate that decline. Since January, S&P's defense stock index is up 16%, not so good compared with the 22% gain for the Wilshire index. In the latest two-week period, most market-cap-weighted stock averages declined slightly. But the equal-weighted version of the Wilshire index was up 0.2%.


The overall market[1]

Performance	Price	Total return
Last 4 weeks	–0.6%	–0.3%
Since 12/31/88	21.5	25.2
Since peak (10/9/89)	–5.6	–5.2
Since 5-year low (12/13/84)	101.9	140.4

The Wilshire index as of 11/15/89
Market value: $3,096.5 billion
Price/book: 2.8
P/E: 14.4
Yield: 3.0%

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index [illegible] stocks, capitalization weighted	3,327.74	–0.1%
Wilshire index [illegible] stocks, equal weighted	21.97	0.2
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,632.58	–0.5
S&P 500 Capitalization weighted cross-section, major stocks	340.54	–0.2
NYSE Capitalization weighted, all listed common stocks	188.76	0.0
Amex Capitalization weighted total return, stocks, warrants	372.15	0.0
Nasdaq Capitalization weighted, all issues except warrants	455.94	–0.2
Amex International market index Capitalization weighted, 50 largest ADRs	336.93	–0.6

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	966.90	0.6%
Institutional[3] Approximately 200 stocks with high institutional ownership	114.44	–0.8
Individual[3] Approximately 200 stocks with low institutional ownership	106.76	–0.2
Technology Hambrecht & Quist index	250.59	–2.6
Gold[4] (Composite quote of 6 major dealers)	$391.30	4.6
Yen[4] (per $U.S.)	143.86	0.4
Commodity index[4] (CRB futures index, 1967 = 100)	230.49	1.7
Oil[4] (W Texas Intermediate)	$19.65	–2.0
T Bills[4] (90 days)	7.63%	–15 basis points[5]
Broker loan rate[4]	9.75%	–25 basis points

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Combustion Engineering	38⅝	47%	NM	Board of directors approves definitive merger with Asea Brown Boveri Ltd.
Avon Products	37⅛	27	21	Investor group (Chartwell Associates) purchases 5% equity stake
Mylan Labs	24⅛	21	36	New England Journal of Medicine gives favorable review to new drug for Parkinson's disease
Service Corp International	18⅜	17	NM	Puts funeral supplies and pre-need insurance businesses, valued in excess of $225 million, on sale
[illegible]	20⅜	17	NA	Company could not provide reason for stock's sharp rise

The Worst Performing Stocks

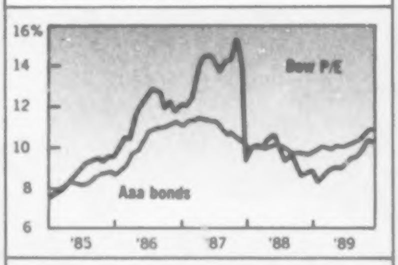
Company	Price	2-week change	P/E	Reason
Pinnacle West Capital	7⅝	–22%	NA	Thrift agency mandates strengthening of company's balance sheet
Comdisco	24⅝	–18	10	Fourth-quarter earnings were below expectations
Allergan	15⅝	–18	NA	CEO gives gloomy outlook for eye-care industry because of intense competition
Bank of New England	14⅞	–16	5	Plans restructuring and cost-cutting moves, including sale of 53 branches
Compaq Computer	91	–14	11	Fallout continues from negative announcement about fourth-quarter earnings

Note: All data for periods ending 11/15/89. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of refinements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization-weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]For period ending 11/10/89. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point. NA: Not applicable. NM: Not meaningful.

What the Analysts Think

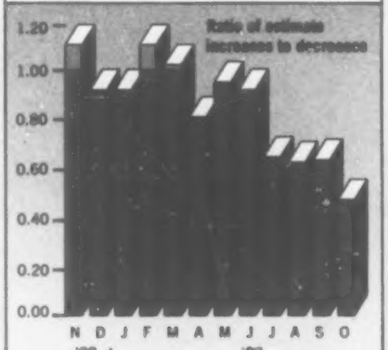
Edited by Steven Ramos

Dow P/E * vs. Aaa bonds †



*Dow P/E is the recent price of the Dow divided by estimated earnings over the next 12 months. †Projected price-to-coupon ratio for Moody's Aaa corporate bond index.

S&P 500 companies



Forecasting the S&P 500

Year	Estimated P/E	% change current estimate vs. 3 months ago	Expected year-to-year EPS growth
1988[1]	13.3	NA	39%
1989	13.2	–7%	1
1990	11.5	–3	14

1989 estimates for major industry groups

Rising estimates	Falling estimates
toys	money center banks
home building	machine tools
shoes	airlines
entertainment	leisure time
department stores	misc transportation

Santa's coming to town but making selective visits. Analysts have been increasing their earnings estimates for toy companies such as Tonka and Mattel. Just the opposite is happening with money center banks (more loan writeoffs) and important groups such as airlines and machine tools. For corporate America as a whole, analysts expect earnings on the Standard & Poor's 500 to rise 1% in 1989 and 14% next year. That's a real comedown: In 1988 profits of the S&P 500 climbed 39% over 1987. An earlier round of writeoffs in the banking industry in 1987 made 1988 look great by comparison. The current forecasts are, of course, subject to change, and that seems to be just what analysts are doing. The center graph compares the number of estimate increases to decreases on the S&P 500. Last March analysts increased about 10 estimates for every 10 they lowered. The latest tally shows that the people on Wall Street are lowering 22 estimates for every 10 they raise.

This information comes to us from the Institutional Brokers Estimate System, a division of New York-based Lynch, Jones & Ryan Investment Services. This firm collects and tabulates earnings estimates from more than 3,000 Wall Street security analysts.

Who's Hot

These companies show the greatest increases in estimates over the past three months.[2]

Company/industry	1988 EPS	1989 estimate recent	1989 estimate 3-mo chg	P/E	3-mo price chg	Reason
FirstFed Michigan/savings & loan	$3.22	$1.15	137%	14	–18%	Gains from sale of loans and securities
WLR Foods/food processors	2.48	2.92[3]	69	8	–15	Increased turkey and chicken demand, lower costs
Sci-Med Life Sys/medical supplies	0.66	2.31	65	18	16	FDA ruling against main competitor
Bohemia/forest products	2.29	3.21	38	8	8	Higher lumber prices due to limited supply
Tonka/toys	–0.75	1.21	36	15	–16	Strong toy market and cost-cutting by company

Who's Not

These companies show the greatest decreases in estimates over the past three months.[2]

Company/industry	1988 EPS	1989 estimate recent	1989 estimate 3-mo chg	P/E	3-mo price chg	Reason
Time Warner/communications	$5.01	$–6.95	–216%	NM	–8%	Losses expected due to cost of Warner Commun merger
Unisys/computers	3.58	–1.13	–184	NM	–33	Disappointing high-end mainframe sales
Northrop/defense	2.22	–0.40	–156	NM	–25	Orders for B-2 Stealth bomber are still uncertain
Cummins Engine/machinery	–1.83	–0.52	–110	NM	–22	Increased warranty expenses due to engine defects
National Education/communications	1.57	0.03	–97	NM	–54	Continued losses at Applied Learning sudsidiary

[1] Actual. [2] Companies with market capitalization of $100 million or more. [3] 1990 estimate. Earnings projections are Wall Street consensus estimates. Data from over 3,000 security analysts are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan Investment Services, New York. Aaa bond yield forecasts supplied by Blue Chip Economic Advisors. NA: Not available. NM: Not meaningful.

C 3950-1

VISIONARY CRAIG MCCAW'S TOUGHEST TEST

HOW THE MAFIA MANIPULATES STOCKS

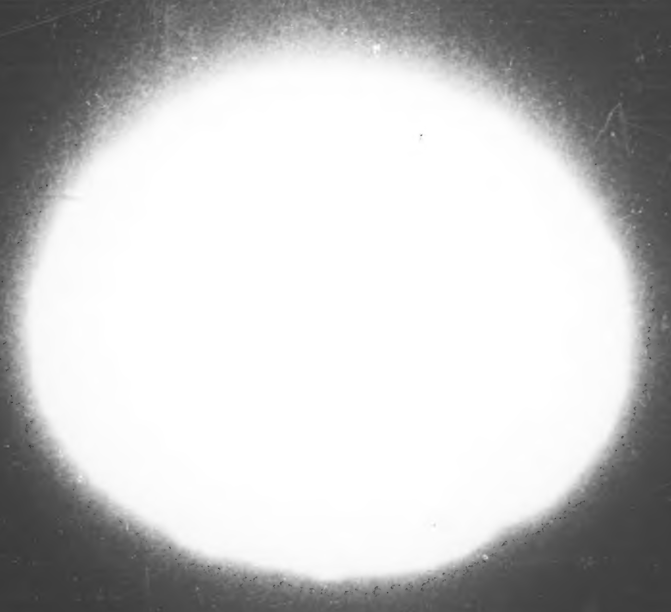
A GOLD-BACKED RUBLE?

DECEMBER 25, 1989

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THE GLOBAL WARMING PANIC



A CLASSIC CASE OF OVERREACTION

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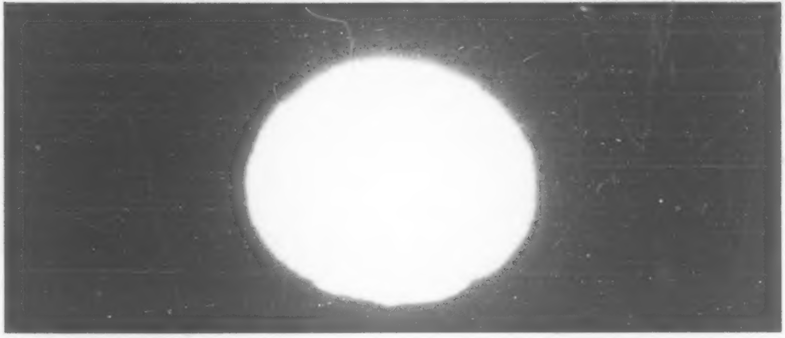

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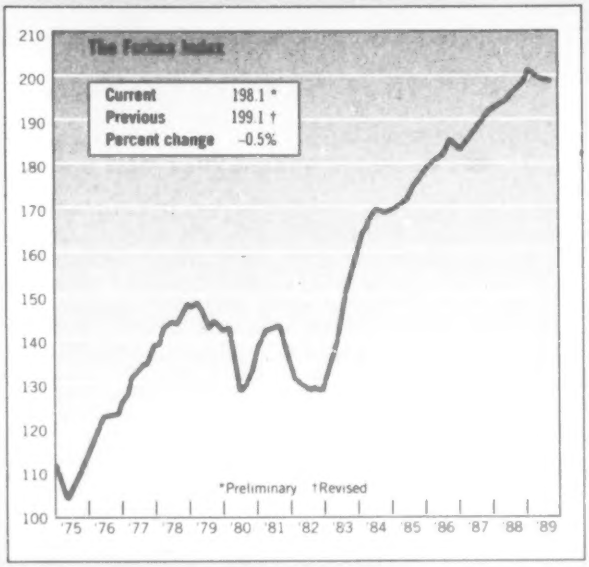
The Forbes Index



Too bad 1989 didn't end in September. The gross national product growth for the third quarter of 1989 was revised slightly upward, from 2.4% to 2.7% (annualized). Unfortunately, it looks like the economy got off to a bad start in the fourth quarter of 1989: The index of leading indicators lost 0.4% in October, and the Forbes Index slipped 0.5%, hitting its lowest point since November 1988.

The Consumer Price Index increased 0.5% in October and 4.5% during the latest 12-month period. Some good news: Personal income (wages and salaries) gained 1.2% in October, to an annualized $2.7 trillion, a record. Less happily, personal spending was off 0.2%, to $3.5 trillion.

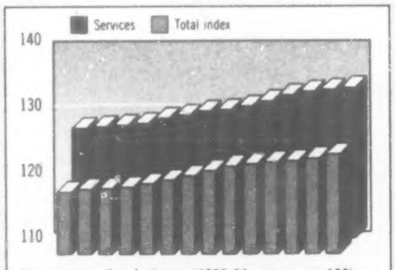
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.5%
Auto sales[1] year to date vs. 1988	Ward's Automotive	–4.0%
Index of leading indicators September vs. October	Dept. of Commerce	0.0%
Trade balance last 12 months	Dept. of Commerce	–$110 bil
Producer price index[2] October vs. 1988	Dept. of Labor	4.9%
GNP 3rd quarter vs. 2nd—annualized growth	Dept. of Commerce	2.7%

[1] U.S. based manufacturers only as of 11/20/89. [2] Finished goods.

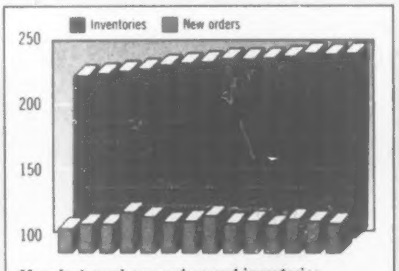
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

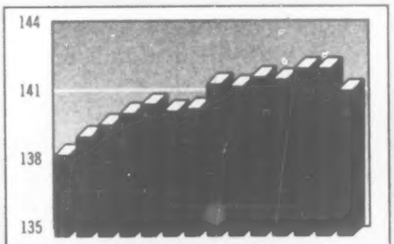
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



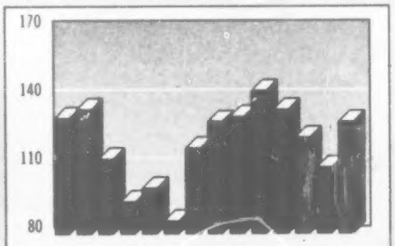
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



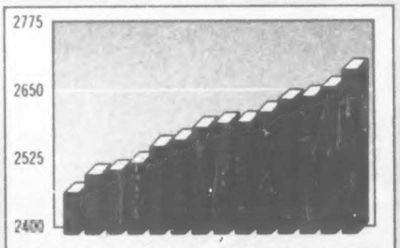
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



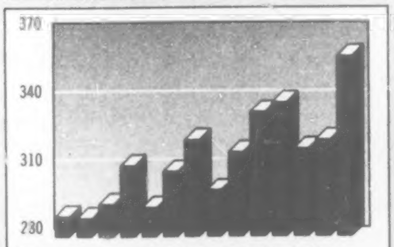
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



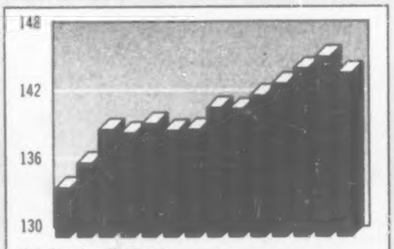
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



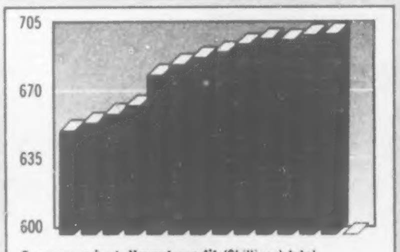
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

S O N D J F M A M J J A S O
1988 1989

S O N D J F M A M J J A S O
1988 1989

S O N D J F M A M J J A S O
1988 1989

If you haven't already entered the lottery for a cellular telephone license, it's too late. But there are other ways to play the cellularization of rural America.

The great cellular giveaway

By Howard Rudnitsky

Robert Foisie and his partners had a bountiful Thanksgiving this year. But their holiday came two weeks early, in a government-run lottery. In early November they won the rights to provide cellular telephone service in Hunterdon County, N.J. With a population of 99,000, the Hunterdon market is probably worth $20 million.

In the same lottery, conducted at the Federal Communications Commission in Washington, three Midland, Tex. investors won the cellular phone rights to Ocean County, N.J. The county has a population of 406,000. Estimated value of the cellular franchise: $70 million. The partners ponied up some $80,000 to play.

Two weeks later, TG Associates joined the winners' circle. The Portland, Me. group of 22 investors put together $55,000 in application, engineering and legal fees, entering more than 150 of the FCC's lotteries. Luckily, their number came up for Virginia's Amelia County, just outside Richmond. Potential customers: 82,000. Estimated value: $8 million.

These are but a few of the hundreds of investors who have won cellular rights to the nation's 428 rural markets. After 15 months of lotteries, the process is drawing to a close, having made many a millionaire and opened the prospect of cellular phone service for some 60 million additional people.

In the early 1980s the government began holding comparative hearings to decide what companies should get the rights to the nation's 90 largest cellular markets, the so-called Metropolitan Service Areas, or MSAs. Realizing that these hearings would take years to conclude for hundreds of smaller districts, the FCC decided to lottery off the cellular rights to the nation's 216 smaller urban markets—and the 428 rural markets.

Why did the government use a lottery to award the licenses? Why didn't it auction the licenses? That would have brought in billions for the rural licenses alone.

The lottery was chosen over an auction on the theory that the airwaves are public property and therefore can't be sold. Further, the FCC claims the law does not say it can auction off cellular licenses, but it does allow awarding them by lottery.

By using a lottery, however, the government in effect gave the proceeds it could have received to the lucky lottery winners, most of whom will eventually sell their licenses to bigger operators as the cellular industry continues to consolidate.

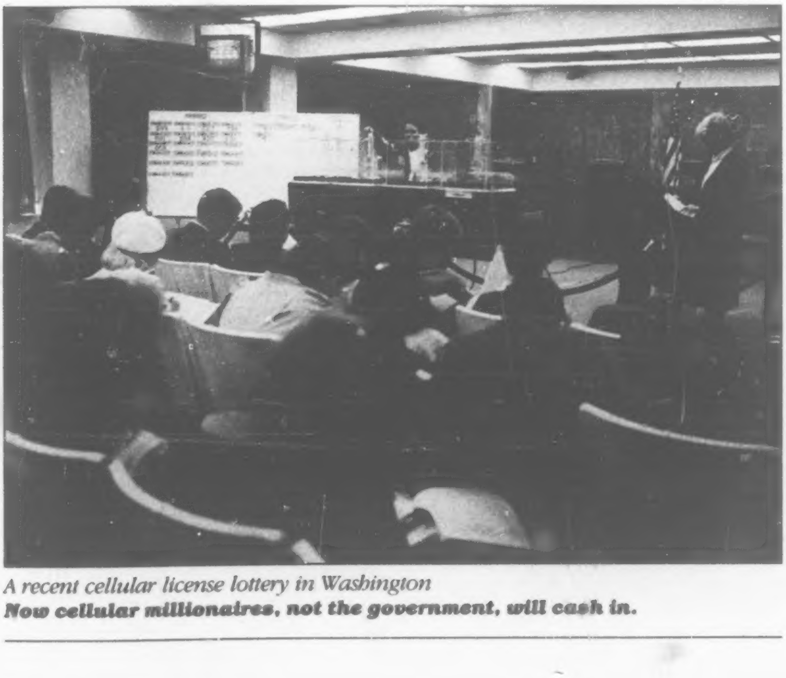
In any event, the winners in the rural service area, or RSA, lotteries are a diverse group. Consider the case of McCaw Cellular Communications, the nation's largest cellular company *(see related story, p. 80)*. When it came to the rural market, McCaw didn't enter the lotteries because it owned significant stakes in several cellular companies that were entering on their own. If McCaw had entered, it would have had more than one chance of winning in several individual markets, something the FCC won't allow.

But that didn't stop several McCaw employees from joining the party on their own. McCaw Vice Chairman Wayne Perry brought two junior McCaw executives into a partnership and negotiated $5 million in backing from one of McCaw's bank lenders. The trio entered lotteries for about 75 rural markets and in July came up a winner. Assuming final FCC approval, they will own the rights to Iberville, La., just south of Lafayette, valued at perhaps $18 million to $20 million.

"I never won a lottery before," says Perry good-naturedly. "I was astonished, since we entered relatively few. Many people have entered all 428 and haven't won yet."

Like Perry, many winners were sophisticated players. Oliver Grace Jr., an investor who is distantly related to the Peter Grace family, won the cellular rights to two rural areas. Thomas R. DiBenedetto, an investment bank-

Walter Calahan



A recent cellular license lottery in Washington
Now cellular millionaires, not the government, will cash in.

Another way to play

A less risky way to participate in the rural service area play is by investing in smaller telephone companies that have positive cash flow, and are selling at half their net asset values.

Telco cellulars	Service area population (millions)		Rural as % of total population	Latest 12-mo cash flow per share	Price/cash flow	Net asset value per share	Recent price	52-week		Yield
	urban	rural*						high	low	
Alltel Corp	3.7	2.6	41%	$6.00	6	$74	38½	41⅞	23⅛	3.3%
C-Tec	0.7	0.1	13	3.75	7	51	25	30	14	1.9
Centel Corp	14.4	0.8	5	7.25	9	101	64⅞	67½	29	2.0
Century Telephone	3.4	1.6	32	3.25	10	64	32⅞	35¼	17¾	1.2
Contel Corp	16.7	4.7	22	6.50	5	82	34⅜	36¾	18⅝	3.2
Telephone & Data Systems	6.3	3.3	34	2.41	17	84	41½	46½	22½	0.6

*Estimated.

All data except for stock information provided by Moran & Associates, Inc.

er and a shareholder in the Boston Red Sox, won the rights to Seminole, Okla., valued at some $35 million.

Once the FCC grants the lucky lottery winners final approval, the new licensees must have a system ready to operate within 18 months of acquiring a construction permit. Then, eighteen months after that, service must be available to 75% of the population in the district. But more and more people now expect that virtually all the 428 rural franchises will be up and running by mid-1992.

Little more than a year ago most industry analysts thought the nation's rural "pops," or potential customers, would fetch no more than $40 each. But today, rural cellular licenses are changing hands at prices that work out to about $85 a pop on average. That compares with $200 per pop in the more densely populated metropolitan service areas. But Martin Hyman of Booz, Allen & Hamilton predicts many of the rural licenses will rise in value. "In less than a year we'll see a number of rural service areas valued at over $200 a pop," he says. Three rural New Jersey service areas that were recently lotteried off "have better demographics than Philadelphia," which, Hyman notes, is losing population. Also, high family income, a characteristic of many exurban areas, tends to coincide with heavy cellular phone use. In rural Hunterdon, N.J., 34% of the families earn more than $50,000 a year, and in Sussex the percentage is 42%. In Philadelphia only 14% of families have annual incomes above $50,000. And all three Jersey RSAs have lucrative highway-roaming traffic.

Frederick Moran, president of Greenwich, Conn.-based Moran Asset Management, Inc., who has made a great deal of money investing in cellular companies such as Lin Broadcasting, argues that "well over 80% of all RSAs are contiguous to more densely populated MSAs. In most cases those RSAs will prove critical to the adjacent MSAs' success." According to Moran, combining a rural service area with a metropolitan one can double the cash flow of the MSA. It's a matter of fixed costs. Explains Moran: "The RSA will use the contiguous MSA's switching stations, its service, marketing and administrative personnel, its advertising coverage and management. Most costs are already in place."

In other words, the most obvious buyers of many of the newly awarded RSA licenses are going to be existing MSA operators who want to develop seamless regional systems, or perhaps superregional operators like Cellular Communications in Ohio, or even national systems like McCaw Cellular.

Cellular analyst Alfred Humphries, at Denver-based Hanifen Imhoff, Inc., takes issue with some Wall Street analysts who argue that capital costs per subscriber are higher in rural cellular markets than for metropolitan regions. Says he, "True, conventional telephone capital costs per pop are much higher in the rural service areas than in urban areas, but this makes cellular an inherently more cost-efficient technology than conventional telephones for much of rural and small-town America." Humphries' reasoning: Cellular avoids the greater costs associated with conventional telephone networks.

Not all rural service area franchises are gold mines. Indeed, many of the areas are sparsely populated and have no major highways. Numerous markets in west Texas, Wyoming, Montana, North Dakota and Nevada, for example, are lucky if they are worth $30 to $40 a pop. Says Hyman, "They may not find a willing buyer for many years."

Now poring over the rural markets are Anthony Easton and Quentin Breen, cofounders of San Francisco-based General Cellular Corp. Their goal is to build a company of rural markets, much the way McCaw has done with urban markets. Already General Cellular has privately raised some $20 million, with plans to acquire RSAs for stock in a tax-free exchange. So far the company has acquired five rural service areas from lottery winners at an average cost of $70 per pop. General Cellular intends to purchase at least a half-dozen more over the next six months and then go public.

Other companies being formed to buy up rural cellular franchises include Universal TeleCell and RSA Cellular. Meanwhile, Cellular Information Systems is combining existing MSAs in smaller markets with newly acquired RSAs and is in the process of issuing shares to the public.

Booz, Allen's Martin Hyman believes that stand-alone rural licensees will ultimately find it worthwhile to forge alliances with McCaw, which is eager to build a national cellular network, or other big operators, so as to achieve economies of scale. The smaller companies would have to pay royalties and fees, but they could benefit from the larger companies' reach and marketing strength.

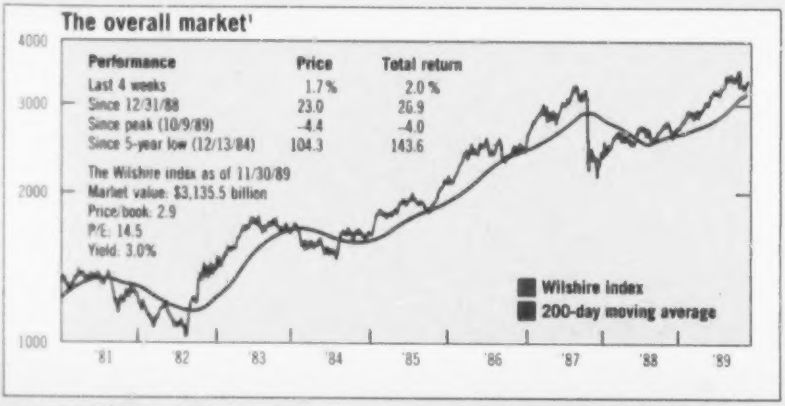
Can investors who missed out on the lotteries get into the game? Some are trying to do so by snapping up shares in independent telephone companies that are acquiring rural service area territories *(see table)*. With traditional telephone businesses in place, these companies already have substantial positive cash flow compared with startup cellular companies. By acquiring cellular franchises and making them work, earnings and share prices seem sure to pop. ■

The Forbes Wall Street Review

Edited by Eric S. Hardy

Stephen Leeb is predicting an exciting stock market in 1990. Leeb, who edits the *Indicator Digest* market letter, thinks the Dow might go as high as 3500 next year. He is particularly bullish on the energy sector, including the oil drilling stocks. Leeb thinks lower interest rates will be the catalyst that drives energy and other stock prices higher.

Most market averages rose slightly in the last two weeks of November, but defense issues were weak, amid talk of lower defense budgets. Both Raytheon and General Dynamics show two-week losses of about 14%.


The overall market[1]

Performance	Price	Total return
Last 4 weeks	1.7%	2.0%
Since 12/31/88	23.0	26.9
Since peak (10/9/89)	–4.4	–4.0
Since 5-year low (12/13/84)	104.3	143.6

The Wilshire index as of 11/30/89
Market value: $3,135.5 billion
Price/book: 2.9
P/E: 14.5
Yield: 3.0%

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,367.63	1.2%
Wilshire index 6,000 stocks, equal weighted	22.08	0.3
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,706.27	2.7
S&P 500 Capitalization weighted cross-section, major stocks	345.99	1.6
NYSE Capitalization weighted, all listed common stocks	191.30	1.4
Amex Capitalization weighted total return: stocks, warrants	373.84	0.4
Nasdaq Capitalization weighted, all issues except warrants	456.09	0.2
Amex international market index Capitalization weighted, 50 largest ADRs	325.17	3.8

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	1011.50	4.6%
Institutional[3] Approximately 200 stocks with high institutional ownership	115.95	0.2
Individual[3] Approximately 200 stocks with low institutional ownership	106.43	–0.1
Technology Hambrecht & Quist index	256.73	2.2
Gold[4] (Composite quote of 6 major dealers)	$412.00	5.2
Yen[4] (per $U.S.)	142.85	–0.4
Commodity index[4] (CRB futures index, 1967 = 100)	228.55	–1.0
Oil[4] (W Texas Intermediate)	$19.89	0.2
T Bills[4] (90 days)	7.58%	–8 basis points[5]
Broker loan rate[4]	9.50%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Texas Instruments	36¼	21%	10	Japanese award patent for firm's computer chip
Vons	17½	21	NM	Significant earnings improvement expected for the fourth quarter
Mitchell Energy	19½	16	61	Early cold spell in the North will increase demand for natural gas
Home Shopping Network	6⅜	15	NM	Recent improvement in general business conditions
Lincoln Telecommunications	64	15	22	Jump in trading volume prompts takeover speculation

The Worst Performing Stocks

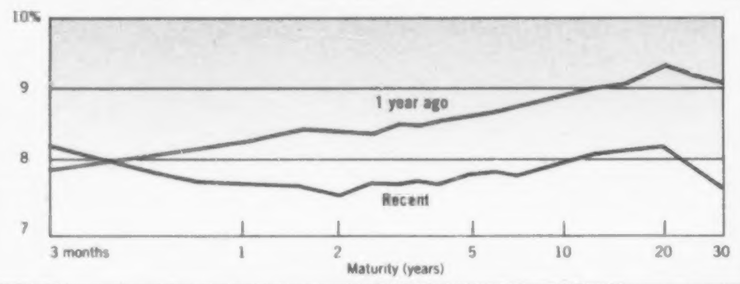
Company	Price	2-week change	P/E	Reason
Sotheby's	21⅛	–25%	19	Investors speculate that boom in art prices may be slowing
Bank of New England	12⅝	–17	5	Announces fourth quarter will show substantial loss
UJB Financial	19⅛	–16	7	Deteriorating loan portfolio prompts Moody's to downgrade preferred stock and commercial paper
LA Gear	36	–16	13	Lower earnings expected for fiscal 1989
Georgia Gulf	45¼	–16	6	May undergo recapitalization, which would reduce the likelihood of a takeover

Note: All data for periods ending 11/30/89. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization-weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]For period ending 12/1/89. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

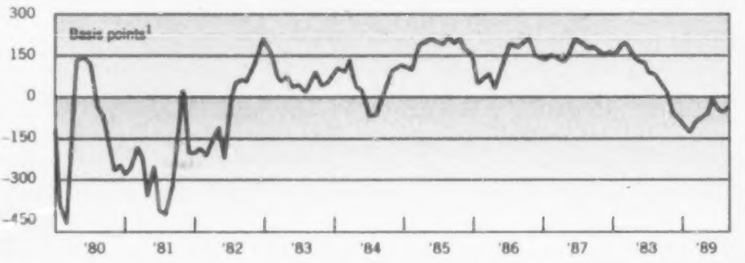
Fixed Income Review

Edited by Eric S. Hardy

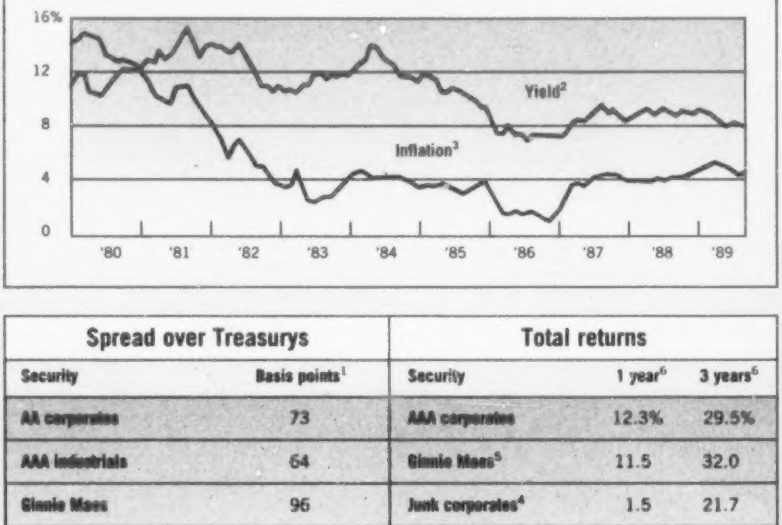
Yield Curve



30-Year Rate Minus 1-Year Rate



Yield vs. Inflation



Spread over Treasurys

Security	Basis points[1]
AA corporates	73
AAA industrials	64
Ginnie Maes	96
Junk corporates[4]	745
Municipals[5]	–43

Total returns

Security	1 year[6]	3 years[6]
AAA corporates	12.3%	29.5%
Ginnie Maes[5]	11.5	32.0
Junk corporates[4]	1.5	21.7
Municipals[5]	8.1	22.8
Treasury bonds	12.2	25.1

Two things make today's money market very unusual. One is that rates on municipal bonds are high relative to rates on taxable bonds. The other is that rates on long-term Treasurys are low relative to short-term rates.

Consider the muni-versus-taxable spread first. The yield on long-term municipal bonds is now within half a percentage point of the yield on Treasurys (see the –43 basis point figure at lower left, a basis point being a hundredth of a percentage point).

Figure in taxes in the top bracket (33%) and the return on a muni is much better than that on a Treasury. Indeed, as our bond columnist Ben Weberman points out on page 163, some mortgage-backed munis of very good credit quality have yields as good as those of Treasury notes.

Of course, buyers of bonds at today's prices could get hurt, since a general rise in interest rates will depress prices. But it's hard to see how *relative* yields on munis will get much higher. So, if you are bullish on bonds and are deciding between tax-frees and Treasurys, the facts seem to weigh heavily toward the tax-frees.

Now look at the relationship of short-term bond yields to long-term yields, captured graphically at left by Barra, a Berkeley, Calif. consulting firm. A year ago long-term bond buyers got better yields than did short-term buyers—in other words, the yield curve sloped upward *(see top chart).* Now, though, the long-bond buyer gets no added yield. The historical picture shows that today's yield relationships haven't been seen much in the last eight years *(middle chart).*

So the evidence does not weigh in favor of long Treasurys. Neal M. Soss, First Boston's chief economist, says a sluggish economy will work to push down short-term interest rates, but long-bond buyers won't see much benefit from this trend. Why? He predicts a simultaneous shift to a more normal upward-sloping yield curve sometime next year; this would tend to favor shorter-dated bonds relative to longer-dated ones. In short, if you take a chance on long Treasurys now, you may not get much of a price gain in the near term.

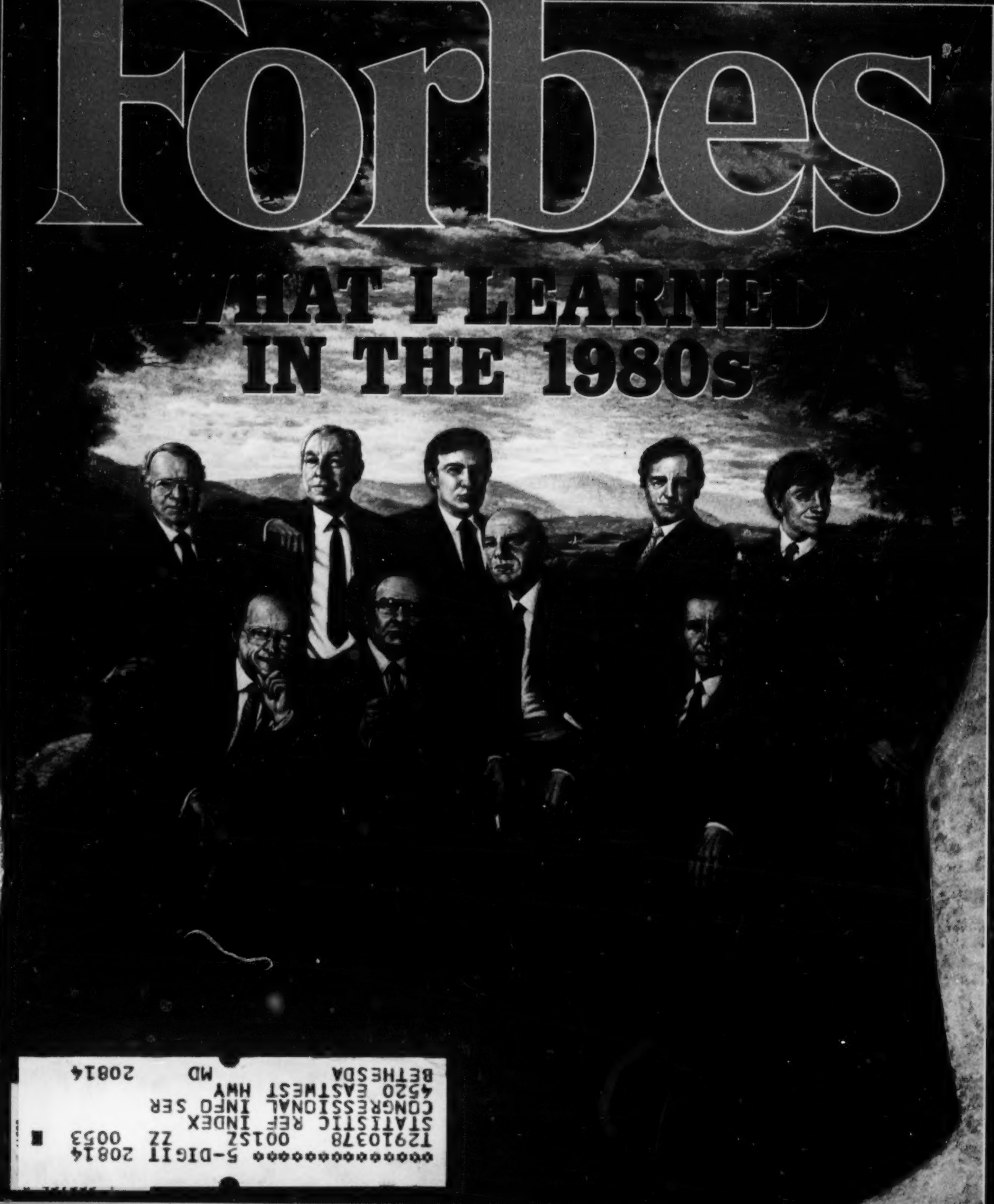
Note: Except where footnoted, all information provided by Berkeley, Calif.-based Barra, a financial consulting firm. [1] A basis point is equal to one-hundredth of a percentage point. [2] Yield on ten-year Treasurys. [3] The trailing 12-month increase in the Consumer Price Index. [4] Source: First Boston. [5] Source: Shearson Lehman Hutton. [6] Through 10/31/89.

Annual Report on American Industry

JANUARY 8, 1990

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes



WHAT I LEARNED IN THE 1980s

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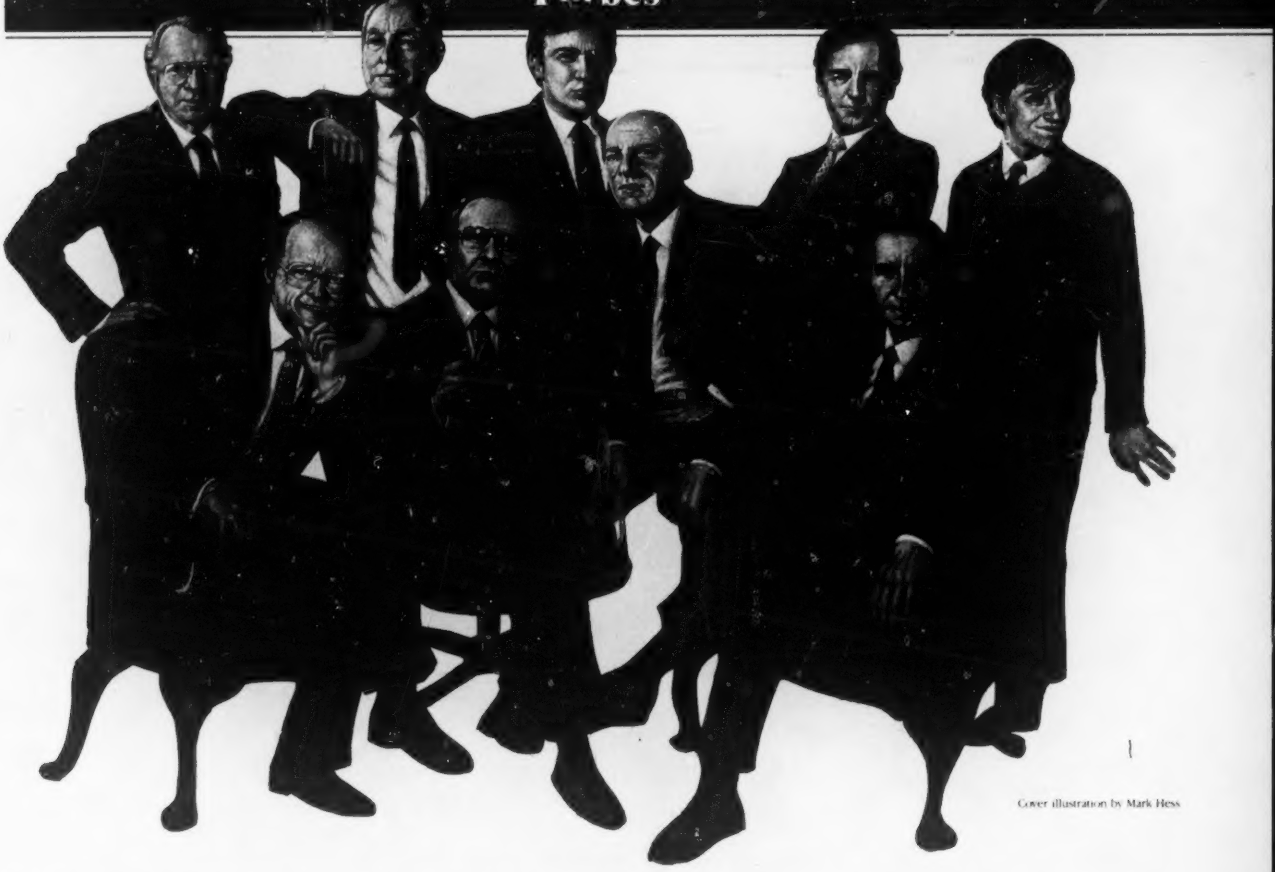

Cover illustration by Mark Hess

Standing: Roger Smith, Walter Wriston, Donald Trump, John Sculley, Bill Gates
Sitting: Donald Peterson, Jack Welch, Barry Diller, Ross Perot

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NUMBER 1

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By Ruth Simon with Graham Button
As the Eighties drew to a close, FORBES talked with 24 chief executive officers about what they learned in the past decade and how they plan to apply those lessons in the Nineties. Ten themes recurred in these interviews.

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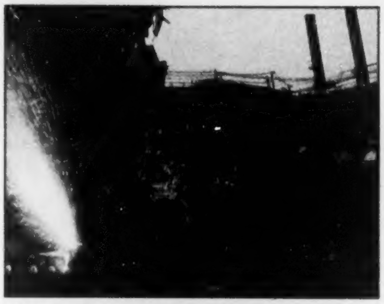

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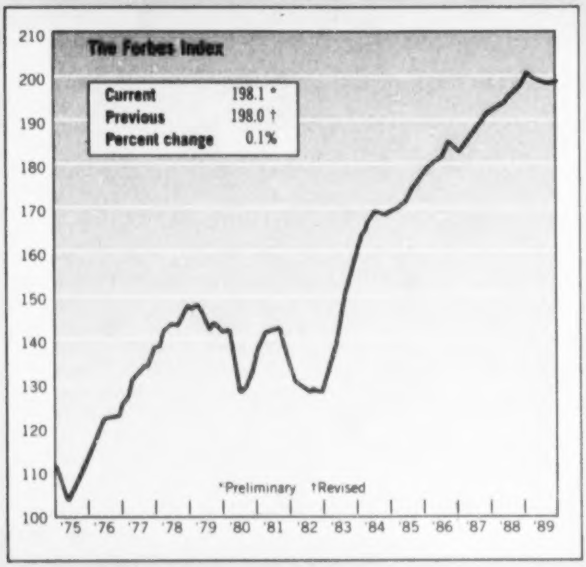
The Forbes Index



Spending habits are hard to break, even if the tax advantages are disappearing. Prior to 1987 interest on auto loans and credit card balances was tax-deductible. For 1989 taxpayers may deduct only 20% of these charges, for 1990 only 10%. The only significant tax deduction left for the average consumer is interest on mortgage payments on first and second homes. Nevertheless, consumer debt (seasonally adjusted) hit a record $708 billion in October, and is up 22% since the end of 1986. Retail sales posted a modest 0.8% increase in November, which brought them within $700 million of last September's alltime high. Industrial production edged up 0.1% in November.

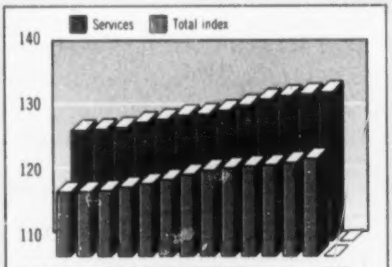
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.5%
Auto sales[1] year to date vs. 1988	Ward's Automotive	–5.1%
Index of leading indicators October vs. September	Dept. of Commerce	–0.4%
Trade balance last 12 months	Dept. of Commerce	–$118 bil
Producer price index[2] November vs. 1988	Dept. of Labor	4.7%
GNP 3rd quarter vs. 2nd—annualized growth	Dept. of Commerce	2.7%

[1]U.S. based manufacturers only as of 12/10//89. [2]Finished goods.

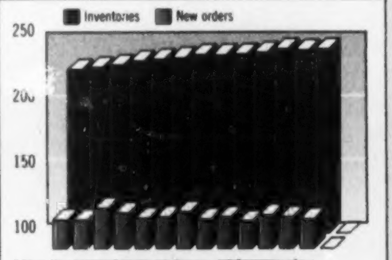
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

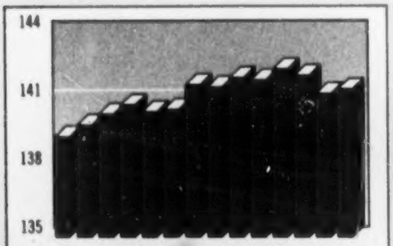
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



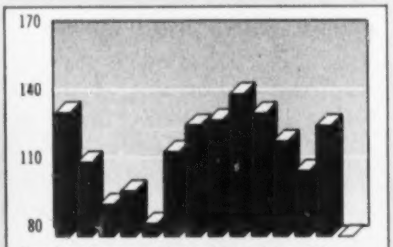
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



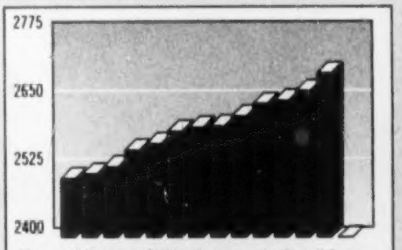
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



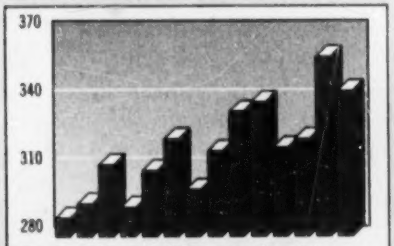
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



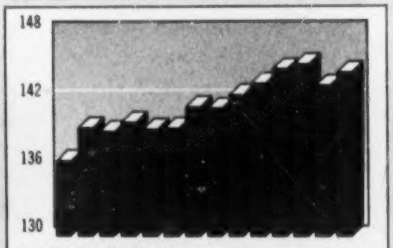
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



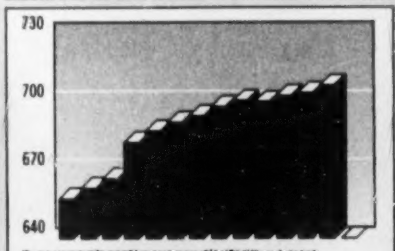
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



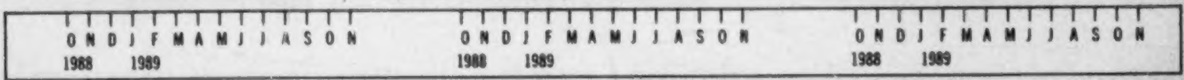
New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



ANNUAL REPORT ON AMERICAN INDUSTRY

Nineteen eighty-nine is history, but much of what happened in business last year will reverberate over the next decade. FORBES' Annual Report on American Industry, now in its 42nd year, has a unique perspective. Drawing upon our extensive database, it provides yardsticks for measuring major companies against their peers. Which companies have best used this year of transition to prepare for the future? Which are best prepared for the coming decade, the 1990s? FORBES editors' judgments will be found in the following pages, and they include some surprises. Despite the difficulties and bad press of recent years, for example, General Motors was picked as the best-positioned company in the Consumer Durables sector.

Reflecting changes in American industry, our categories have been revamped this year. Brokerages and banks, for example, are reviewed under our new Financial Services category. Coal companies are now included with their competitors in the oil and gas business in a new category called Energy. In all, this year's survey contains 20 categories, down from 31 last year. There are 70 subgroups.

Another change: To give readers a better long-term perspective, we added ten-year returns to our usual five-year results for each company.

This survey is more comprehensive than ever. It includes 1,150 companies, up from 1,116 one year ago.

For most industries, the economic expansion that began in 1982 was marked not by sharp up and down cycles but rather by a slower, steadier growth pattern. The median company in this survey had an average return on equity of 14.3% for the full ten-year period as well as for the most recent five-year period. And performance didn't change much during the latest 12 months: The median company's return on equity was 14.4%.

Companies are ranked against their competitors, industry by industry, in the section that begins on page 122. Farther back in the magazine *(p. 216)*, we show the stock market performance of all firms surveyed. Also, they are ranked by profits *(p. 238)* and growth *(p. 206)*.

This annual report is our largest ever. The companies range in size from General Motors, with $120 billion in revenues, to Immunomedics, a $2 million (sales) firm specializing in cancer detection and treatment. Our general rule for inclusion: A company must have minimum revenues of $400 million, or $800 million if it is a bank or electric utility. The only exception comes in biotechnology, where we waive the minimum. That's how firms such as Immunomedics made the list.

In the Eighties debt played an increasingly important role in corporate finance, and so we made two relevant changes: Our tables now show return on total capital as well as debt as a percentage of total capital. Return on capital indicates what management is earning on all assets, not just a firm's equity base.

One significant revision is not of our making, but it should be noted: Financial Accounting Standards Board rule 94 requires corporations to consolidate the results of majority-owned subsidiaries, such as captive finance units. This controversial requirement means that companies such as General Motors and Ford, which have major finance operations, now show significantly higher debt loads. In reality, the only thing that is different between now and previous years is a change in bookkeeping.

In this issue, the vast majority of firms are now listed in only one industry group. But a few exceptions, such as General Electric, which is in two major and distinctly different lines of business (aerospace and electrical equipment), are assigned to two different industries. Other rules and explanations appear on the following page.

THE BEST COMPANIES FOR THE 1990s

Industry	Company	Survey page
Aerospace & defense	Boeing	122
Business services & supplies	Kelly Services	124
Capital goods	Emerson Electric	126
Chemicals	Dow Chemical	130
Computers & communications	Apple Computer	134
Construction	Ryland Group	140
Consumer durables	General Motors	142
Consumer nondurables	Johnson & Johnson	148
Electric utilities	PacifiCorp	152
Energy	Consolidated Natural Gas	156
Entertainment & information	Walt Disney	160
Financial services	BankAmerica	164
Food, drink & tobacco	Sysco	172
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Materials	Lafarge	188
Retailing	Wal-Mart Stores	192
Transport	Norfolk Southern	200
Travel	AMR	204

HOW WE CALCULATE THE RESULTS

	Profitability					Growth						Sales	Net income
	Return on equity			Return on capital latest 12 mos %	Debt/ capital %	Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %			10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil

Profitability

We calculate return on equity by taking primary earnings per share and dividing it by common shareholders' equity per share at the beginning of the year. In this computation, FORBES assumes the conversion of all convertible preferred stock. The difference between the stated value and liquidating value of nonconvertible preferred shares is subtracted from common stockholders' equity. When calculating per-share earnings, FORBES includes gains or losses from discontinued operations but excludes extraordinary items.

Five-year and ten-year average return on equity is calculated with a modified version of the sum-of-the-year's-digits method. This technique places greater emphasis on most-recent results. Past performance is still factored into the equation, but it is given less relative weight. For years in which a firm lost money but still had a positive equity, we calculate the percentage lost on equity and factor this result into our equation. Excluded from our calculation are years in which a company lost money and also had a negative equity. Note: In calculating our long-term results, if a company shows a return on equity exceeding 100% in a given year, our computers automatically scale back this value to 100%.

For return on capital we divide aftertax profits, the amount remaining if the interest paid on long-term debt was taxed, and minority interest by a firm's total capitalization. Except for electrical utilities, most companies do not report interest expense on long-term debt. In such cases FORBES estimates this figure for the latest 12-month reporting period. In calculating the tax break derived from the interest expense, a corporate tax rate of 34% is assumed. Total capitalization is defined as long-term debt, common and preferred equity, deferred taxes, investment tax credits and minority interest in consolidated subsidiaries.

Growth rates

We use the least-squares method to calculate sales and earnings growth rates. This equation adjusts for sharp fluctuations and comes up with a result that closely reflects the average rate of growth. Example: Over four years a firm's earnings go from $1 to $2, then to $3 and finally to $4 in the last year. That's a 100% jump from the first to the second year, a 50% jump in the third year and a 33.3% increase in the fourth year. Least-squares says that, on average, earnings grew by 57.8% ($1 x 1.578 x 1.578 x 1.578). Note that if you perform this calculation you will obtain a result of $3.93 rather than $4 in the final year. That's because the regression equation finds an answer that best fits the year-to-year change for all four years, not just between the first and last year.

One limitation of the least-squares equation is that it cannot handle negative values. If earnings are negative at the start of the period, FORBES calculates the growth rate for a shorter length of time, beginning with the first positive year. Of course, some companies lost money during the middle of the measuring period. For a ten-year growth rate we dropped as many as three negative years from our calculation and measured the growth rate over the remaining positive periods. Our assumption: that the brief losses were not representative of the company's long-term performance. However, if the company lost money in more than three years, a ten-year growth rate is not calculated and the result is listed as not meaningful. Similar adjustments are made for five-year growth rates.

Our computer also checked all growth rates with a correlation measurement to see if the earnings pattern made sense. For example, it is possible to generate a growth rate when earnings go from $10 in the first year to 1 cent the second year, $18 the third year and 25 cents in the fourth year. But the resulting growth rate, –30%, does a miserable job at describing the year-to-year change in the company's earnings. For such companies with wildly fluctuating earnings, we marked their growth rates as not meaningful.

Time periods

Ten-year growth rates require 11 years worth of data. For companies with fiscal years ending in April through December, growth rates are based on the fiscal years through 1988. For companies with fiscal years ending in January through March, the fiscal years through 1989 are used. Growth rates covering less than the full period of time are footnoted. When there are not enough data to calculate a growth rate for the period, the growth rate is marked NA (not available).

Latest 12-month comparisons are between the most recent four quarters and the same four quarters in the previous year. Revenues and net profits are measured over the latest 12 months. Debt as a percentage of total capital is calculated as of the latest balance sheet.

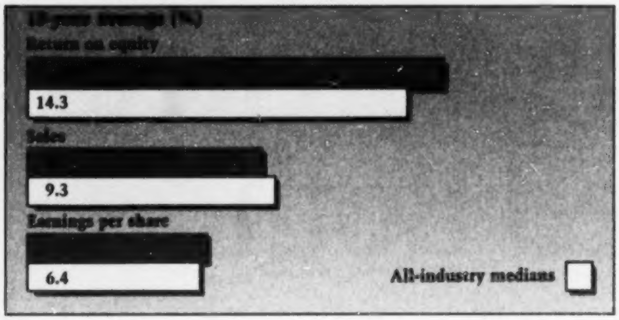
Definitions

FORBES defines sales as net sales plus other operating revenue. For banks, sales is defined as total interest income plus other income. Sales of insurance companies include income from premiums and annuities as well as net investment income and other income. Debt as a percentage of capital is defined as long-term debt, including capitalized leases, divided by total capitalization.

Medians for all companies are calculated by listing companies in rank order and selecting the value of the middle company. When there is an even number of companies, the median is obtained by averaging the data on the two middle firms. The all-industry median is calculated by taking the median of 20 individual industry medians. All companies except those with NA are ranked in calculating an industry median.

AEROSPACE & DEFENSE

Charts and Symbols by Paragraphics



Yes, with defense spending slow, the industry is off—but not drastically.

By Howard Banks

THE DEFENSE AEROSPACE SECTOR is far from the disaster that recent headlines suggest. Talk of a $180 billion cut in military spending over four years is misleading. That is a "cut" from the Pentagon's wish list of all the programs it can dream up, knowing that most of them will never be funded. Moreover, a record industry backlog of $223.1 billion (up 27% from 1988 levels) will buffer these companies against lower Pentagon spending in 1990.

Some of this increased backlog is the hangover of previous defense orders, but the vast majority results from the booming airliner market. Boeing's civilian backlog of $85 billion is up from $53 billion in 1988, and McDonnell Douglas' $23.1 billion is up 37%. Work for NASA is also up, by about 15%.

Now that Gorbachev has declared the Cold War over and Congress is eager to spend in advance anticipated savings from the U.S. military budget, nobody thinks of defense as a growth business. Equipment deliveries to the Defense Department actually fell 1% in 1989, to $61.3 billion. The defense sector's return on equity slipped a bit to 13.4% from the previous year's 14.1%, lagging the all-industry median by a full percentage point.

Defense Department delivery programs will be stretched out this year, delaying shipments from arms manufacturers. Among the candidates is the $45 billion Advanced Tactical Fighter being competed for by two groups, one led by Lockheed, the other by Northrop. Another project likely to be delayed is Northrop's $70 billion B-2 Stealth bomber. Some programs could be canceled completely, including the $25 billion V-22 tilt-rotor chopper-cum-plane being built for the Marines by Textron and Boeing.

Also at risk will be some of the smaller electronics companies that live mostly on subcontracts from the prime defense contractors. Talk will increase about how many of the major contractors will go broke, merge or be taken over in 1990. But consolidation in an industry can be a good thing for the survivors. ■

Aerospace & defense	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Lockheed	30.4	29.0	8.3	8.1	41.6	12.7	10.6	−11.8	30.2	15.8	−67.5	9,536	211
Pall	24.8	22.5	17.5	15,9	9.4	16.4	15.5	15.8	15.1	15.1	−2.6	497	58
General Dynamics	22.9	23.6	16.6	10.7	25.9	11.4	6.1	4.9	17.7[a]	10.0	−11.4	9,949	321
Martih Marietta	22.6	28.5	21.4	12.8	20.3	11.6	8.4	3.2	12.4	11.8[d]	−27.4	5,708	257
Precision Castparts	21.9	26.4	15.0	12.1	16.1	23.2	38.6	3.6	28.5	50.2	−18.2	446	29
Rockwell Intl	21.4	22.9	20.4	14.5	13.2	8.9	8.4	4.8	15.4	16.8	−5.6	12,518	735
Raytheon	21.4	22.7	24.6	24.2	1.8	8.5	7.3	7.9	9.0	18.7	10.5	8,761	519
Sequa	19.7	23.0	9.9	7.6	50.3	10.5	12.4	11.2	NM	33.7	31.0	1,812	67
Loral	18.8	19.5	16.5	11.3	43.2	26.7	27.2	−12.8	15.8	18.8	1.8	1,166	84
E-Systems	18.7	17.4	16.2	13.6	13.5	15.3	12.7	15.7	16.5	4.6	10.8	1,581	80
General Electric	18.7	18.0	20.4	13.3	39.2	8.3	12.8	10.1	8.7	7.2	33.1	53,935	3,777
Kaman	16.4	16.9	4.5	4.4	41.0	10.0	9.8	3.2	14.4	12.5	−70.3	789	8
Litton Industries	16.1	13.6	15.4	9.3	42.9	1.6	NM	3.3	NM	NM	11.4	5,023	178
TRW	15.9	16.9	16.4	10.6	29.6	5.3	4.6	1.8	3.9	NM	−6.7	7,133	255
Rohr Industries	15.9	13.8	8.9	7.8	41.1	8.1	7.7	15.2	7.0	NM	2.7	1,045	33
Boeing	15.6	13.5	14.3	13.1	4.3	10.2	10.4	21.6	3.5	NM	32.6	20,301	772
GenCorp	15.1	20.7	NE	43.8	72.1	NM	−6.3	7.0	16.0	36.5	3.6	1,937	244
United Technologies	12.6	11.5	13.7	11.3	24.7	8.5	3.5	12.9	3.6	NM	−2.7	19,667	668

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

SITTING PRETTY

As the 1990s begin, no other aerospace company can compare with Boeing Co. The Seattle-based giant boasts an $85 billion backlog and more than $3 billion in cash. Despite a 48-day strike last year, the company emerged with a labor deal that will not add much more than 6% or so a year to employment costs.

On the civil side, Boeing's problems continue to be those of success and managing quality, which has gotten lumpy. The outfit plans to produce 34 airliners a month by the middle of this year. Boeing is also about to launch an all-new, wide-body twin-jet airliner, the 777. Total upfront investment: $5 billion. Boeing had hoped to share this cost with Japanese companies, but that possibility is receding.

Louie Psihoyos/Matrix

Frank Shrontz of Boeing Co.

As elsewhere in the industry, it's a much less happy story for Boeing on the military side, where operating profit has sunk from $422 million in 1986 to $30 million in 1988. For 1989, a loss of some $55 million was expected.

Not surprisingly, a major shake-up is under way. Starting this month, Boeing Chairman Frank Shrontz has formed a new defense and space group, melding $6 billion of annual sales from four divisions—military aircraft, helicopters, space, and advanced systems/electronics.

What went wrong? Boeing may have been too bullish as the defense spending cycle turned down. Says B. Dan Pinick, head of Boeing's new defense group, "We bid over-aggressively on some projects and showed ineffective management when you get right down to it." Cost problems are known to include programs to build a new wing for the A-6 Navy attack aircraft and to develop software for the Navy's E-3 plane. Pinick sees results improving in 1990, partly on savings (over two years) of $100 million through reduced overhead.

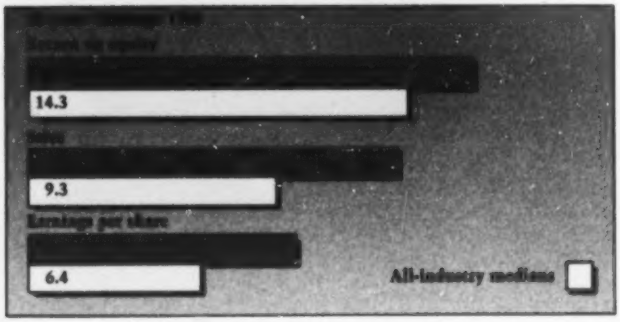
Expect some of Boeing's defense plants to be converted for the booming commercial group—a swords-to-plowshares option most defense contractors don't have. The transformation has already begun at Boeing's major Wichita plant.—H.B.

Aerospace & defense	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
McDonnell Douglas	12.6	12.0	3.9	4.9	42.3	13.2	12.9	5.2	8.8	3.0	–57.3	15,084	125
Textron	12.4	13.9	10.9	7.4	69.8	9.1	27.1	2.5	6.6	22.1	4.2	7,325	264
Northrop	12.3	8.5	def	def	36.0	16.8	13.6	–3.2	NM	NM	P-D	5,651	–133
Grumman	11.6	9.2	9.2	7.1	47.5	10.5	9.8	4.6	13.4	–9.3	368.1	3,670	77
Allied-Signal	9.8	11.1	15.7	11.3	32.8	13.3	3.6	0.3	NM	NM	18.0	11,891	517
SPS Technologies	8.9	8.1	11.5	9.9	33.0	5.0	15.2	3.8	–5.0	17.8	173.4	433	20
Sundstrand	8.3	3.0	13.4	8.8	24.5	6.8	10.0	9.9	NM	NM	D-P	1,578	72
Wyman-Gordon	7.4	1.8	def	0.1	5.3	–4.6	–7.7	29.5	–14.9	–27.2	P-D	339	–1
Honeywell	2.4	def	def	def	29.8	5.7	3.4	–1.4	NM	NM	P-D	7,104	–271
Talley Industries	1.6	2.2	19.0	10.0	56.6	–2.9	3.1	21.9	NM	NM	500+	416	27
UNC	def	7.6	11.7	9.5	63.1	6.8	13.1	6.4	NM	37.4[d]	27.4	454	16
Todd Shipyards	def	def	NE	def	102.6	–3.9	–9.8	–17.4	NM	NM	D-D	308	–76
GM Hughes Electronics	NA	3.4[d]	3.2	10.0	3.4	NA	13.0	4.9	NA	12.1[c]	1.1	11,293	768
Teledyne	NA	22.8	13.8	12.2	19.8	3.1	NM	6.4	NA	11.1	–32.4	4,707	294
Thiokol	NA	18.6[c]	7.0	5.1	38.2	NA	8.2[c]	2.7	NA	6.0[c]	–53.9	1,156	18
Industry medians	**15.7**	**13.9**	**13.4**	**10.0**	**33.0**	**8.9**	**9.8**	**4.9**	**6.8**	**7.2**	**1.1**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

BUSINESS SERVICES & SUPPLIES



Clean-up companies are thriving. Other service firms may see a shakeout.

By Jason Zweig

WHILE THE SERVICE sector remains one of the great growth frontiers of American industry, in 1989 signs of weakness began to appear. The industry is still growing, but at slower rates: Sales growth was off 38% from 1988, while earnings growth slipped 21%.

In the office products market, weak equipment sales hurt companies like Nashua and Savin. At Xerox, earnings were off 35%, and the outlook for this year is for only a slight improvement of 5%.

Meanwhile, such industrial services firms as Ogden Corp., JWP Inc. and Rollins Inc. may soon need to slow the breakneck pace of their acquisition campaigns. It looks like new fields for growth are getting scarce for these companies that do everything from killing termites to supplying food to airlines. Sustaining the health of previous acquisitions will not be easy.

Take JWP. Since 1986 the $1.5 billion (revenues) service conglomerate has stuffed itself with a smorgasbord of small businesses acquired at a total cost of nearly $200 million. Today JWP maintains the printing presses of the *New York Times*, manufactures pollution control equipment, services the air-conditioning system at the Phoenician Hotel in Phoenix, generates electricity from methane at landfills, maintains telecommunications at the New York Stock Exchange and runs New York State's largest water utility. JWP's earnings grew 29% this year—pretty good, but an ominous drop from JWP's five-year average earnings growth of 50%.

KELLY GIRLS AND KELLY GRANDMAS

Eric Smith

Kelly Services' Terence Adderley

Over the past decade, Michigan-based Kelly Services Inc., the nation's largest temporary employment agency, grew explosively. During the 1980s the company's annual sales tripled, to $1.4 billion, and earnings nearly quintupled, to $70 million.

No one expects the next decade to be as sensational as the last. But, says Kelly Chief Executive Terence Adderley, the 1990s will see a "continuing, worsening shortage of skilled labor." And that's why Kelly's prospects are so good.

The U.S. Bureau of Labor Statistics estimates that employment will grow faster in the personnel supply business than anywhere else in the service industry over the next decade. While total U.S. job growth will average 1.2% a year, the number of workers supplied through personnel agencies should grow 4.1% a year, nearly doubling to 2.2 million by the end of the century.

Businesses are already having a hard time finding skilled workers, and in-house training can turn into a nightmare of expense and time. Thus, employers are likely to turn increasingly to Kelly, which already trains 6,000 temporaries a week in word processing, clerical skills and marketing techniques.

As computers proliferate in offices, Adderley is signing agreements with software producers that give his trainers an exclusive advance look at new programs. The goal: When software products hit the market, Kelly's temps will already know how to use them.

As more Americans live longer, Kelly is building a reserve of temps over age 55 and returning these experienced workers to an economy crying out for just such people. Adderley estimates that this division of Kelly, called Encore, has grown by 50% over the past two years.

As in the 1980s, temporary help will continue to be an important tool for management. With temps, businesses can convert fixed overhead into flexible costs that can be swiftly cut. And Kelly's client firms need not interview or train temps, cover their benefits, keep their records or pay them severance.

Look for Kelly's business to double over the next decade, through good times and bad. As the saying goes, there's nothing so permanent as the temporary.—J.Z.

As competition heats up, more service companies will have to retreat to their specialties—or develop new strengths. CRSS Inc., the engineering firm, sold its environmental consulting division and beefed up its power cogeneration unit. Newly challenged by IBM in computer leasing, Comdisco is moving into disaster recovery services—backup computers that protect data against power loss or acts of God. And the employment agency CDI, which offers temporary workers with technical training, is supplying fewer temps to the waning defense industry and more to the petrochemical business.

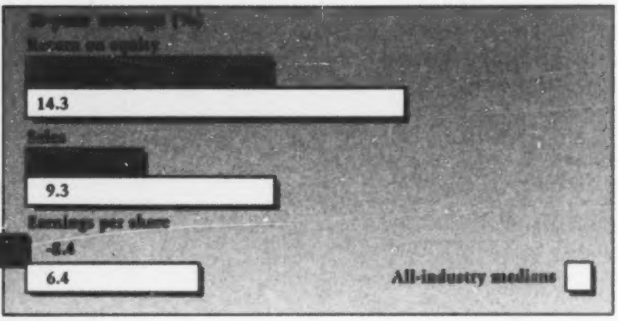
Garbage has joined death and taxes as an inevitable fact of life. Guesstimates of the market for waste management and pollution control stretch as high as $800 billion to be spent over the next ten years or so. Several new cleanup firms go public every month, and even giants like Westinghouse and Du Pont are piling into the business. But dominant, well-focused firms such as Waste Management, Browning-Ferris and Safety-Kleen look like the strongest finishers. ■

Business services & supplies	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Business services													
Rollins	47.2[a]	56.7	37.8	26.3	0.0	5.2[a]	8.3	5.3	15.9[a]	11.0	–6.7	396	23
Kelly Services	28.9	31.7	29.9	29.9	0.0	16.5	18.5	7.1	18.1	26.9	15.9	1,348	69
Olsten	22.1	24.5	24.9	15.7	38.1	23.7	27.3	16.9	19.2	32.3	17.4	576	19
PHH	16.7	13.0	14.7	7.3	63.0	25.0	26.2	7.6	7.1	–9.2	130.3	1,812	52
Wackenhut	13.6	12.4	17.7	7.7	51.6	11.4	10.8	9.3	4.0	NM	–4.8	444	5
American Building	10.5	8.8	13.3	12.0	21.2	12.0	12.2	10.6	NM	–6.8	30.1	626	8
Volt Info Sciences	8.4	0.7	3.5	5.8	51.0	16.0	7.1	3.0	NM	NM	D-P	470	3
Adia Services	NA	22.0	14.4	14.1	4.7	29.1[a]	30.0	21.2	NA	35.0	17.2	580	21
Medians	16.7	17.5	16.2	13.0	29.6	16.3	15.3	8.4	7.1	2.1	17.3		
Business supplies													
Deluxe	32.1	32.9	26.3	24.6	1.6	13.2	13.4	16.5	18.4	16.2	6.1	1,292	149
Comdisco	25.6	18.9	23.6	24.9	42.0	22.3	23.4	31.0	20.3	NM	500+	1,678	108
National Education	22.9	22.9	9.7	7.8	24.8	27.0	25.5	1.1	9.8	NM	7.0	435	18
HON Industries	21.8	23.5	32.9	24.3	20.8	13.1	9.4	8.1	8.9	20.4	109.7	580	47
Herman Miller	21.7	21.3	15.7	12.5	22.8	17.5	16.1	7.5	17.5	14.4	–7.2	799	40
Pitney Bowes	20.6	22.0	20.1	10.7	41.2	11.5	10.4	8.6	13.7	19.7	9.1	2,855	256
Minn Mining & Mfg	20.2	20.7	22.4	20.2	6.3	7.4	8.1	11.9	5.4	11.6	13.9	11,615	1,224
United Stationers	19.0[b]	17.0	16.3	12.0	29.5	24.0[a]	21.6	13.2	18.5[a]	12.3	6.7	969	25
Wallace Computer Svcs	18.5	17.5	17.4	15.0	7.2	14.5	12.5	12.0	13.7	12.2	15.4	429	37
Standard Register	17.6	17.1	13.5	11.5	13.4	11.8	14.6	6.5	14.0	11.1	3.1	708	39
Alco Standard	15.7	15.8	28.5	21.0	22.1	9.6	5.5	8.8	4.3	10.8	71.2	4,146	173
Avery International	15.6	14.8	16.6	12.1	27.3	12.1	15.3	9.5	10.5	6.1	73.0	1,699	84
Diebold	15.5	11.4	9.6	9.2	1.1	5.2	NM	1.3	9.8	–9.7	1.2	459	34
Moore Corp	15.1	14.9	15.7	14.0	2.6	5.2	6.1	6.6	4.4	9.5	19.8	2,657	203
Reynolds & Reynolds	14.9	14.5	23.8	10.5	29.4	14.5	20.5	0.3	6.9	5.0	50.6	602	27
Esselte Business Sys	13.4[a]	14.5	12.2	10.0	25.0	14.4[a]	22.6	2.0	23.2[b]	19.1	–3.5	1,413	57
Dennison Mfg	13.2	13.0	13.2	11.4	16.7	5.8	2.5	8.3	NM	NM	5.3	767	38
Anacomp	12.8	32.3	9.5	6.9	74.0	25.4	22.2	36.0	NM	NM	–65.8	559	12
Nashua	10.9	14.8	9.6	9.1	14.0	4.4	12.3	–1.3	NM	25.2	–28.5	963	22
Xerox	9.9	8.7	7.1	7.6	48.3	10.0	9.1	5.6	–6.1	NM	–35.4	17,362	415
Savin	def	def	def	def	53.0	NM	–2.6	1.0	NM	NM	D-D	362	–49
AM International	NA	def[d]	12.5	11.1	28.8	NM	12.2	3.6	NA	NM	D-P	851	31
Medians	15.7	16.4	15.7	11.4	23.8	11.9	12.4	7.8	9.8	10.1	6.8		
Industrial services													
Safety-Kleen	26.1	24.5	20.8	15.4	26.9	18.0	20.8	17.1	22.0	20.0	18.4	457	45
CDI	24.8	26.3	24.6	16.2	38.3	14.9	17.9	24.3	21.6	22.2	30.2	855	20
Browning-Ferris Inds	22.9	23.9	24.7	16.5	38.7	17.7	19.2	23.4	20.5	20.4	15.2	2,551	263
Waste Management	22.7	23.5	23.8	15.7	31.9	26.4	27.8	26.4	24.9	28.3	23.8	4,237	534
Ecolab	21.2	25.9	8.5	8.2	38.5	8.5	20.5	8.3	10.3	20.8	–6.3	1,277	37
Figgie Intl	16.1	17.1	17.3	11.1	39.4	5.1	12.5	18.5	12.3	23.4	5.8	1,340	66
Millipore	15.6	16.1	14.4	12.0	21.1	15.8	16.5	8.3	11.4	19.5	–1.6	656	53
Ogden	14.2	15.8	17.5	5.9	76.7	–9.5	–13.7	29.7	–4.0	NM	39.1	1,302	75
CRS	6.0	1.4	21.2	21.3	0.9	30.9	17.6	9.0	NM	12.3	87.8	601	16
JWP	NA	23.4	23.2	12.5	52.8	39.6	82.4	87.1	NM	49.9	29.1	1,497	35
VWR	NA	16.3[d]	11.6	8.8	42.4	NA	10.3	–0.8	NA	17.4[c]	1.9	590	9
Medians	21.2	23.4	20.8	12.5	38.5	16.8	17.9	18.5	11.8	20.4	18.4		
Industry medians	16.7	17.1	16.6	12.0	27.3	13.8	14.6	8.6	10.0	12.2	15.2		
All-industry medians	14.3	14.3	14.4	11.1	32.0	9.3	10.9	8.5	6.4	7.6	8.0		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

CAPITAL GOODS



For many heavy equipment makers, the good times are gone.

By Alyssa A. Lappen

CAPITAL GOODS WERE a mixed bag in 1989 and will be again in 1990. Many machinery makers saw business turn downward last year as the pace of U.S. manufacturing and construction began to slow. Don't expect to see any dramatic recoveries soon. "In 1990 we are going to have some earnings problems," says Eli Lustgarten, a machinery analyst with PaineWebber. "The automotive sector is in the tank, and the truck sector also appears to be recessionary. Companies serving those markets are going to feel the effects."

Perhaps the biggest troubles are at companies directly affected by the slowdown in orders for abrasives, hydraulic pumps and other equipment used in manufacturing. Thus, profits were squeezed at Cincinnati Milacron, one of the nation's largest machine tool makers, as well as at Trinova, the Maumee, Ohio-based company that supplies the auto and

Capital goods	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Electrical equipment													
Emerson Electric	19.7	19.2	21.0	18.9	17.3	10.8	13.6	6.3	8.0	8.2	13.9	7,071	588
Westinghouse	19.2	22.2	22.3	12.5	46.2	5.4	3.9	5.7	8.6	15.5	–3.4	12,841	859
General Electric	18.7	18.0	20.4	13.3	39.2	8.3	12.8	10.1	8.7	7.2	33.1	53,935	3,777
Hubbell	18.3	19.1	20.5	18.3	1.8	7.1	7.7	7.1	10.8	15.0	10.7	649	78
National Service	17.9	17.1	16.9	14.0	2.9	8.5	8.2	8.9	10.0	8.6	9.7	1,540	95
Square D	17.6	17.2	18.6	13.1	13.7	7.6	6.3	3.4	2.9	11.1	11.4	1,664	117
WW Grainger	16.6	16.8	17.6	16.1	0.8	8.5	10.5	11.7	9.4	15.1	7.6	1,663	113
Raychem	15.7	17.1	5.0	4.6	3.6	13.6	13.8	–1.3	9.9	26.9	–70.0	1,090	35
AVX Corp	6.5	6.8	6.4	6.1	35.4	15.7	16.2	1.3	5.2	NM	–45.2	402	14
Genlyte Group	NA	NA	32.9	10.5	79.5	NA	10.0	5.2	NA	12.8	–7.1	506	12
Imo Industries	NA	6.6	10.7	8.5	48.9	NA	7.6	29.2	NA	9.9	12.9	766	32
MagneTek	NA	61.8c	34.5	11.5	77.0	NA	53.4c	6.2	NA	NM	10.9	972	22
MLX	NA	defc	1.1	8.1	79.5	NA	NM	10.4	NA	NM	NA	455	†
Medians	**17.9**	**17.1**	**18.6**	**12.5**	**35.4**	**8.5**	**10.0**	**6.3**	**8.7**	**9.9**	**10.2**		
Heavy equipment													
Nacco Industries	20.2	21.4	17.9	12.7	76.7	6.4	5.5	72.6	18.5	16.8	3.8	951	44
Dover	19.8	18.5	19.9	18.3	3.6	12.1	11.9	10.5	9.4	11.7	6.6	2,083	145
Illinois Tool Works	18.8	19.6	20.8	16.7	27.5	17.6	34.6	11.1	11.0	23.7	16.2	2,103	157
Goulds Pumps	15.8	13.9	13.3	10.8	23.7	7.6	10.5	12.8	NM	3.9	10.3	497	26
LB Foster	15.6	17.2	7.5	7.6	10.7	–2.9	NM	–1.6	–7.4	NM	–63.5	246	4
Stanley Works	15.1	15.7	15.8	13.0	35.5	8.7	14.4	3.4	6.9	10.7	15.2	1,946	115
Tecumseh Products	13.9	12.9	13.3	12.5	2.5	2.4	4.5	33.0	3.7	3.1	16.6	1,421	82
Parker Hannifin	13.8	13.8	11.4	9.5	31.5	16.8	15.8	7.9	3.5	16.4	–9.3	2,535	100
Trinova	12.8	15.5	5.4	5.3	22.8	5.7	6.1	5.9	13.3	16.5	–56.1	1,963	37
Lincoln Electric	12.6	13.3	15.7	13.1	6.3	NM	11.0	32.2	NM	20.4	7.5	654	36
Cooper Industries	12.3	12.0	14.1	10.4	45.5	13.7	18.7	19.6	NM	24.6	21.2	4,872	253
Zurn Industries	12.1	11.3	12.8	11.9	7.3	2.8	6.7	32.6	NM	11.8	28.6	556	27
Interlake	11.8	14.4	4.8	6.3	135.9	–2.4	NM	7.6	12.0	13.2	–72.2	936	13
Thermo Electron	9.7	11.6	12.4	9.1	42.0	14.6	21.2	27.2	10.5	25.6	19.4	572	23
Foster Wheeler	9.2	5.2	7.0	6.3	36.0	–3.9	–5.9	13.6	–7.7	–24.0	345.0	1,223	31
Kennametal	9.2	9.5	15.6	12.3	20.5	4.1	7.6	13.4	–4.2	NM	19.0	496	30
General Signal	8.9	6.2	15.3	8.6	43.7	3.4	NM	10.8	–9.0	–18.4	303.3	1,904	77
Trinity Industries	8.6	7.4	19.6	9.7	55.5	4.7	18.5	58.3	NM	NM	110.3	1,217	45
Ingersoll-Rand	8.2	10.5	15.1	11.9	16.6	NM	4.9	14.2	NM	26.0c	33.7	3,369	196
Bearings	8.2	7.5	14.5	13.8	0.0	7.5	7.1	14.6	–6.2	NM	26.0	643	19

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. †Less than $500,000. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

defense industries. Parker Hannifin profits were off, too.

Caterpillar, the nation's largest manufacturer of earthmoving equipment, felt the effects of weaker housing and construction markets. Its earnings dropped 6% for the 12 months ended Sept. 30, even though its sales rose 10%.

But not all the news for capital goods companies is bad. Earnings shot up 345% at Foster Wheeler, partly as a result of selling off some moneylosing operations. But Foster is also a big player in Europe, where orders from pharmaceutical and chemical plants and overseas oil production facilities remain heavy. General Signal, which makes instruments and control technology for a broad range of industries, showed similarly spectacular results. Look for continued progress in that turnaround situation.

Suppliers of agricultural equipment fared well, thanks to falling interest rates, rising commodity prices and a robust recovery from last year's drought. Deere & Co., the world's largest producer of farm equipment, could stand to benefit more than others. Another beneficiary will be Tenneco's farm and construction machinery business; Tenneco gets an added boost from higher demand for natural gas transported through its pipeline.

In electrical equipment, earnings should grow again this year. One trend to watch: stepped-up campaigns to boost foreign sales. General Electric, for example, is buying a 50% stake in Tungsram, a Hungarian lighting firm. And Westinghouse Electric is negotiating to expand its transport-refrigeration business into the Soviet Union.

This year and beyond, expect electrical equipment makers to surpass many other types of capital goods companies. ■

"KEEP OUR POWDER DRY"

In the cyclical capital goods market Emerson Electric is a standout. The St. Louis-based company earned better than 18% on equity almost every year in the Eighties, all the while keeping its debt at a trim 11% of capital. But what makes Emerson a great company for the 1990s is its commitment to developing new products and to expanding overseas with its lines of motors, switches and electric tools.

To counter the growing share that imports were taking in Emerson's markets, Chief Executive Charles Knight, 53, embarked on a tough campaign to improve quality, cut costs and ensure that Emerson became the number one or number two player in all its markets.

Knight closed 50 plants and sold several disappointing businesses, including a lighting company and a division that serviced large industrial motors. He also expanded good businesses at home and overseas. In 1987 Emerson bought Liebert Corp. to raise market share in backup power supply units for computers. Last year Emerson sold five electronics businesses to Britain's Astec Plc., a European market leader in electronic components and power supplies, in exchange for 45% of that firm. Emerson will now pay $595 million for Leroy-Somer, a French motor firm, and McGill Manufacturing, a U.S. maker of bearings and electrical items.

Emerson has spent heavily on research and engineering. Such spending has grown 50% faster than Emerson's sales over the past five years, reaching $218 million last year. The result: Some 20% of Emerson's sales today come from products developed since 1985. Another plus: Many of these products were designed for both the domestic and international markets, helping Emerson increase its foreign sales to 30% of total revenues, up from 25% in 1987.

Don't be surprised if Chuck Knight makes a few more acquisitions. That is one reason Emerson has $113 million in cash on hand and such a light debt load. Says Knight, "We like to keep our powder dry."—A.A.L.

John Morse

Charles Knight of Emerson Electric

Capital goods	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Tenneco	8.2	6.2	28.2	12.8	52.5	3.2	–1.4	1.4	–6.8	NM	500+	13,794	977
Stewart & Stevenson	6.8	10.6	26.7	20.0	25.8	NM	12.9	42.8	NM	NM	63.3	560	27
Norton	5.6	5.6	16.0	13.2	19.3	1.5	3.4	7.1	NM	NM	10.5	1,501	93
Caterpillar	5.3	9.0	13.5	10.9	32.2	NM	12.1	10.1	–10.1	60.4d	–6.5	11,026	553
Deere & Co	2.6	1.9	14.5	12.6	26.7	NM	3.4	15.0	–12.0	NM	38.6	5,979	358
Allied Products	2.1	4.6	def	4.7	46.7	5.7	22.5	8.5	NM	NM	D-D	597	3
Timken	2.0	0.9	9.1	8.2	6.5	NM	8.0	9.3	–15.2	NM	77.3	1,616	90
Cross & Trecker	1.2	def	def	def	21.6	4.2	20.7	6.7	NM	NM	D-D	457	–47
Combustion Eng	0.8	def	def	def	31.8	NM	NM	6.5	NM	NM	D-D	3,682	–133
Cincinnati Milacron	0.3	def	8.9	7.9	41.2	NM	8.9	–1.9	–9.7	NM	D-P	845	20
Harnischfeger Inds	def	2.4	10.1	12.0	12.0	5.8	31.4	17.8	NM	NM	44.4	1,358	47
Foxboro	def	def	7.5	8.1	29.2	1.6	NM	13.5	–17.4	NM	D-P	593	15
Clark Equipment	def	def	12.1	11.5	26.0	–3.9	10.5	11.6	–14.5	NM	172.4	1,360	57
Ampco-Pittsburgh	def	def	def	0.7	29.3	NM	NM	–7.0	NM	NM	D-D	231	–3
McDermott Intl	def	def	def	def	51.8	–3.4	–6.0	17.4	NM	NM	D-D	2,704	–100
Eagle-Picher Inds	def	def	NE	def	NE	3.0	5.6	1.1	NM	NM	P-D	757	–454
Varity	def	0.2d	18.6	14.1	32.5	–6.3	8.6	1.7	NM	NM	Z-P	2,208	76
Ametek	NA	19.8c	19.7	11.9	46.1	NA	13.5c	10.4	NA	5.0c	–13.8	562	36
Crane	NA	16.0	15.5	11.0	28.0	NA	15.6	31.0	NA	19.4c	–6.3	1,452	42
Sudbury	NA	34.0c	def	def	68.7	NA	78.8c	–5.5	NA	54.8c	P-D	514	–13
Medians	**8.2**	**9.2**	**13.3**	**10.8**	**28.6**	**2.8**	**8.3**	**11.0**	**–14.5**	**NM**	**15.7**		
Industry medians	**9.2**	**10.9**	**14.1**	**11.0**	**29.2**	**4.2**	**8.6**	**10.1**	**–8.4**	**3.9**	**10.8**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

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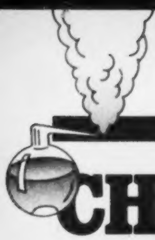

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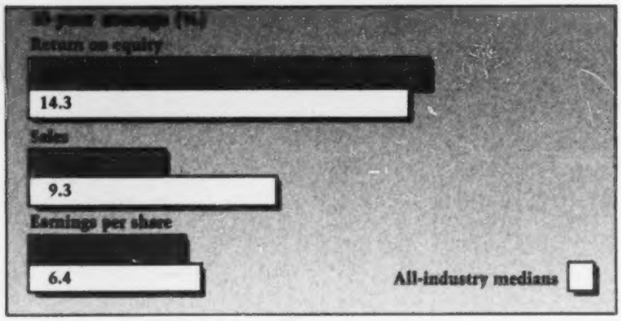


Despite some slowing, the chemical industry remains a significant export performer.

By Philip Glouchevitch

EARLY LAST YEAR commodity chemical makers were still riding a boom that began in 1988. But it began to fizzle about midway through 1989, thanks to a stronger dollar. Profits at big chemical companies rose some 15% last year, modest when compared with gains of more than 40% in 1988. The prognostications for this year range from falling earnings to limited earnings growth. Even the ethylene plant explosions at Quantum in June and Phillips in October, which together removed around 10% of total polyethylene production, have allowed manufacturers to boost prices only temporarily.

There is a silver lining. Declining prices for feedstock commodity chemicals often buoy specialty chemical makers. Many enjoyed nice margins throughout 1989—the specialty chemical industry's return on equity was 18.5%. They appear to be "recession resistant," according to Drexel Burnham Lambert's Katharine Plourde. Demand is strongest for chemicals used in water and paper treatment.

As in many other American industries, takeovers by foreign companies affected chemical companies in 1989. France's Elf Aquitaine bought Pennwalt for $1 billion, while West Germany's Henkel purchased Quantum Chemical's Emery oleochemical division for $480 million. The biggest

Chemicals	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Diversified													
Valspar	20.8	21.4	22.1	16.2	25.8	18.8	24.0	3.5	20.1	14.9	16.6	501	22
Union Carbide	19.4	28.8	36.8	16.2	40.6	–2.2	–4.7	9.6	NM	NM	26.9	8,798	687
A Schulman	18.8	20.4	21.4	19.5	5.4	9.2	16.9	4.5	18.1	21.5	11.7	624	31
Dow Chemical	18.0	24.4	37.6	25.6	28.0	5.7	7.5	10.4	9.0	46.5	32.1	17,635	2,695
Rohm & Haas	17.3	18.8	16.4	13.5	20.4	5.3	5.1	6.5	14.1	12.3	–11.9	2,632	197
Hercules	17.0	19.7	6.6	5.8	20.6	2.3	1.3	12.3	6.7	NM	–13.0	3,067	137
Quantum Chemical	16.7	23.6	NE	44.3	97.8	5.0	3.9	–0.2	7.1	56.4	6.6	2,851	327
American Cyanamid	12.9	14.2	15.9	13.2	16.8	3.7	4.7	5.8	5.9	15.0	8.3	4,775	327
EI du Pont de Nemours	12.7	13.3	16.4	11.9	14.3	11.4	1.6	8.4	3.7	13.0	19.1	34,945	2,497
Monsanto	10.3	11.1	17.0	12.4	23.2	3.2	5.3	3.6	7.0	NM	14.3	8,555	634
FMC	9.5	7.3	NE	20.4	101.3	NM	–1.6	6.5	16.7	59.7	51.9	3,474	160
Olin	7.2	8.2	16.6	11.2	38.2	1.7	1.9	15.7	5.8	NM	26.8	2,532	114
BF Goodrich	2.4	5.4	15.0	13.9	11.5	–1.9	–8.2	4.1	NM	NM	6.7	2,464	183
Aristech Chemical	NA	NA	25.0	20.0	29.5	NA	6.6	–1.6	NA	110.2^d	–27.7	1,032	102
Univar	NA	13.7	17.4	11.7	49.4	NA	22.8	11.3	NA	14.9	35.5	1,358	20
Medians	16.7	16.5	16.6	13.9	25.8	3.7	4.7	6.5	7.0	14.9	14.3		
Specialized													
Chemed	25.1	23.8	16.9	13.6	35.8	4.3	12.0	30.5	6.4	NM	6.3	592	25
Betz Laboratories	22.0	21.2	23.4	21.5	29.8	10.0	10.1	16.5	8.6	6.9	16.7	503	55
Freeport-McMoRan	21.3	24.4	18.4	12.7	57.1	NA	15.8	10.7	NM	22.3	–38.0	2,040	184
Nalco Chemical	21.1	20.6	23.5	18.9	2.2	5.4	8.5	9.0	5.4	6.1	14.6	1,050	115
Intl Flavors & Frags	20.1	19.9	19.8	19.2	0.0	7.3	13.9	2.9	6.7	13.4	8.7	862	137
Great Lakes Chemical	20.0	21.6	24.7	26.0	17.1	18.9	19.5	28.9	18.5	23.5	27.0	708	119
Loctite	18.7	20.2	26.2	23.3	13.8	9.5	13.5	8.3	6.9	18.0	27.1	465	57
Lubrizol	16.3	16.5	23.0	20.4	7.2	4.4	7.0	12.1	NM	13.5	123.3	1,225	153
HB Fuller	15.3	15.2	8.6	7.0	29.7	11.2	10.2	13.3	11.3	13.1	–33.9	745	15
Dexter	15.0	14.2	14.1	11.8	18.5	6.9	7.8	2.3	4.3	5.8	15.2	844	43
Witco	14.7	13.9	13.8	10.6	25.9	5.7	1.3	1.4	5.9	3.5	28.6	1,592	84
NCH	13.2	13.9	19.7	18.2	8.3	5.9	9.3	13.5	NM	18.9	18.9	584	37
Air Prods & Chems	13.2	12.9	17.4	11.4	28.0	7.4	8.0	8.6	8.1	14.5	3.6	2,642	222
Ferro	11.7	13.4	15.8	14.5	13.7	4.8	10.1	9.5	NM	21.5	5.4	1,074	49
Cabot	9.9	7.3	2.4	3.9	39.6	4.5	NM	15.5	NM	NM	–75.8	1,937	18
DeSoto	9.3	7.5	def	def	33.6	2.5	2.1	5.6	NM	–22.9	P-D	404	–9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

acquisition by a U.S. company was Dow's $2.2 billion purchase of 51% of Marion Laboratories. In an attempt to enhance shareholder value, Quantum, Rexene and Vista all underwent financial restructurings, the first two paying out special dividends funded by debt. Also noteworthy: Union Carbide put the industry's worst accident behind it, settling the Bhopal litigation claims for $470 million.

As the market looks with disfavor at cyclical chemical stocks, many firms are launching share-repurchase programs—Dow Chemical, International Minerals & Chemical, Monsanto, Nalco, PPG, H.B. Fuller, Dexter, Betz and, for the first time in recent memory, industry leader Du Pont.

Despite the downturn in demand for commodity chemicals, the U.S. chemical industry as a whole remains strong, as reflected in its continuing positive trade balance, estimated at over $16 billion for 1989. More important, the current accounts balance in chemicals, which in addition to trade includes dividends and investment income from foreign subsidiaries, stands at over $20 billion. As Allen Lenz, chief trade economist for the Chemical Manufacturers Association, puts it, "U.S. chemical companies are well positioned abroad and have the technology to withstand foreign competition." ■

Chemicals	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			Return on capital		Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	latest 12 mos %	Debt/capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
WR Grace	6.6	4.7	15.9	11.3	54.4	NM	–5.3	11.2	–3.1	7.8	23.8	6,047	247
Intl Minerals & Chem	5.1	1.7	10.9	7.9	43.3	NM	NM	–14.8	–12.2	–16.0	7.2	1,077	96
Great American Mgmt	2.5^a	0.3	0.3	8.6	78.6	39.9	95.6	33.9	NM	NM	–92.7	1,638	2
MA Hanna	def	0.6	19.6	16.1	25.2	NM	38.6	8.3	NM	NM	–0.2	1,079	84
Ethyl	NA	17.9	25.1	14.0	26.9	NA	9.1^c	19.5	NA	25.9^c	14.3	2,365	212
Georgia Gulf	NA	82.3^d	74.7	62.4	0.2	NA	14.5	17.0	NA	89.5^d	28.6	1,145	205
Himont	NA	30.9	18.6	17.0	3.7	NA	16.6^c	7.3	NA	37.9^c	–26.9	1,668	263
IMC Fertilizer Group	NA	NA	23.5	15.7	39.0	NA	NM	12.5	NA	NA	35.8	1,222	137
Lyondell Petrochem	NA	NA	0.0	94.2	93.4	NA	NM	10.5	NA	NA	NA	5,157	467
Morton International	NA	19.2^c	10.6	10.0	4.3	NA	5.8^c	11.7	NA	NM	–25.7	1,440	90
NL Industries	NA	NA	125.5	43.1	55.2	NA	21.3^c	1.5	NA	48.0^c	60.5	997	182
Rexene	NA	NA	0.0	22.4	115.1	NA	7.0	–4.1	NA	NA	NA	655	58
Sterling Chemicals	NA	NA	162.3	72.1	19.6	NA	NA	–2.9	NA	NA	–25.1	647	146
Vista Chemical	NA	38.4^c	92.4	35.8	120.6	NA	7.1	–0.3	NA	NM	20.6	779	120
Medians	14.8	16.5	18.5	15.9	27.5	5.7	9.1	10.0	0.6	10.5	11.5		
Industry medians	15.0	16.5	17.4	15.7	26.9	5.1	7.3	8.6	5.9	13.1	14.3		
All-industry medians	14.3	14.3	14.4	11.1	32.0	9.3	10.9	8.5	6.4	7.6	8.0		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

THE RIGHT MOVE, EARLY

Taro Yamasaki

Dow's Frank Popoff

In a field of strong companies, Dow Chemical looks strongest for the coming decade. Diversification is the key. Over half of the company's sales are overseas, and of its 1,800 products, no single one accounted for more than 8% of last year's sales.

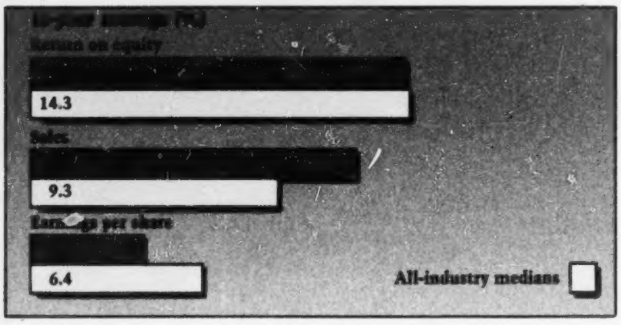
Back in 1986, Chairman Paul Oreffice moved Dow further into the specialty chemical business, backing away from commodity chemicals. Dow now gets nearly 40% of its earnings from specialty products, and analysts expect them to account for 50% of earnings by the early 1990s. The important thing is that by moving toward the specialty end of the business, Dow protected itself against a downturn in basic chemicals.

In another step toward more sophisticated products, Dow last August bought Marion Labs. Now the Marion Merrell Dow drug unit will be among the country's top five pharmaceutical companies, ranked by annual sales. Another promising move: Dow this year formed a joint venture with Eli Lilly to manufacture agricultural chemicals.

Dow's management is deep and experienced. The top six executives average 30 years with the company, and only three will reach the company's normal retirement age of 65 in the coming decade.

The 1990s are likely to bring continued pressure on chemical companies from environmental activists, but Chief Executive Frank Popoff is ready for the challenge. He publicly supports a strong Environmental Protection Agency as well as waste recycling by industry.—P.G.

COMPUTERS & COMMUNICATIONS



Good-bye, minicomputers. The new worry: what to do about memory chips?

By Julie Pitta

IN THE COMPUTER BUSINESS, 1989 may be remembered as the beginning of the end of the minicomputer. Nowhere were the effects felt more severely than outside Boston on Route 128, where minicomputer makers Wang Laboratories, Data General and Prime Computer incurred staggering losses.

Wang took the heaviest blow, a $424 million loss for fiscal 1989. Data General's loss reached $120 million, while Prime's was $129 million for the first nine months of its fiscal year. All three companies have been built on minicomputers, the midrange systems once favored as departmental computers by many large corporations. But as desktop computers become ever more powerful and less expensive when compared with midrange systems, the minicomputer faces obsolescence. Prime was acquired by venture capital firm J.H. Whitney in a leveraged buyout last August. Both Wang and Data General are likely acquisition candidates, too.

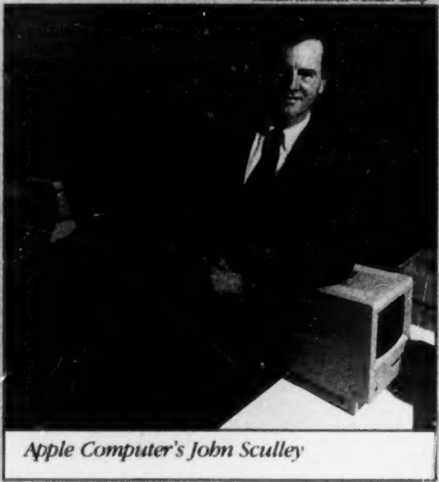
Minicomputer maker Digital Equipment Corp., also based near Boston, managed to avoid losses, but DEC's sales were sluggish as demand for its older mini systems grew soft. DEC is now attempting to diversify into workstations and main-

Computers & communications	Profitability					Growth						Sales	Net income
	Return on equity			Return on capital latest 12 mos %	Debt/ capital %	Sales			Earnings per share			latest 12 mos $mil	latest 12 mos $mil
Company	10-year average %	5-year average %	latest 12 mos %			10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %		
Hardware													
Apple Computer	36.6	31.6	43.2	36.2	0.0	38.4	28.5	29.8	37.3	41.6	14.6	5,284	454
Mark IV Industries	29.0	32.7	21.8	7.1	85.7	40.6	96.2	113.4	35.1	50.9	14.9	945	24
Cray Research	28.9	30.8	17.5	16.4	13.0	39.5	37.8	33.3	39.4	42.7	23.5	785	125
EG&G	26.7	25.1	21.2	19.6	2.4	11.9	7.8	20.8	12.9	5.6	6.8	1,614	69
Intergraph	25.2[a]	18.6	12.5	12.1	1.0	39.4[a]	23.2	6.5	38.4[a]	15.2	–5.2	831	81
Molex	25.1	23.4	14.8	14.2	1.3	19.3	21.0	9.1	17.6	16.1	–8.5	577	57
Premier Industrial	21.7	21.8	29.2	26.1	2.8	8.1	9.4	10.7	13.5	14.9	16.3	607	71
AMP	20.7	20.3	19.6	18.0	4.7	11.3	11.3	7.9	9.2	13.3	–1.8	2,812	297
IBM	20.2	17.1	14.0	11.3	17.9	11.7	7.6	9.3	6.8	–2.3	7.2	63,185	5,514
Thomas & Betts	18.1	18.5	17.6	15.7	9.6	8.6	12.3	7.5	5.8	12.0	–3.0	535	55
Hewlett-Packard	17.0	15.6	18.2	17.7	7.7	17.4	14.2	21.0	15.2	10.2	4.8	11,899	829
SCI Systems	16.5	15.1	4.3	4.7	61.5	45.0	24.9	23.8	29.6	15.6	–65.3	1,050	7
NCR	16.4	17.7	18.6	16.0	9.0	8.0	10.4	–0.6	7.8	13.8	–0.4	5,972	414
Prime Computer	16.1[a]	11.0	def	def	19.5	24.6[a]	22.0	8.9	NM	–12.5	P-D	1,558	–145
Marshall Industries	15.7	17.5	16.1	13.2	20.2	21.5	19.5	14.4	21.8[a]	22.3	–4.8	529	20
Northern Telecom	15.4	14.5	7.0	6.1	20.8	13.3	14.1	14.1	NM	NM	–47.8	5,852	191
Tandem Computers	15.0	13.8	13.1	12.7	4.8	38.0	25.4	24.2	30.3	23.5	21.9	1,633	118
Carlisle Cos	15.0	11.0	11.0	10.6	8.4	7.1	4.8	0.2	NM	–6.0	–9.1	562	21
Digital Equipment	14.9	16.3	12.6	12.7	1.6	22.5	20.8	8.8	15.8	34.7	–17.1	12,931	1,000
Analog Devices	14.8	12.1	11.4	10.5	3.6	19.3	12.5	7.9	17.3	NM	17.4	458	39
Amdahl	14.3	19.1	16.8	14.5	6.4	19.5	19.7	16.2	14.9	37.6	–14.2	2,021	175
Western Digital	14.2	22.1	6.5	6.8	33.0	62.2[a]	69.7	10.8	NM	NM	–58.4	970	19
Intel	13.0	14.5	16.4	14.7	14.9	16.7	15.7	8.8	19.3	NM	–34.1	2,959	354
Motorola	12.2	11.2	14.5	15.0	16.2	13.0	11.7	16.4	NM	NM	15.3	9,179	490
Wang Laboratories	11.4	3.2	def	def	35.4	31.1	13.2	–11.5	NM	–17.5	P-D	2,743	–500
Perkin-Elmer	10.6	7.9	def	def	5.1	6.9	3.0	–32.7	3.8	5.6	P-D	784	–24
Harris Corp	10.3	8.1	2.8	3.5	23.8	9.3	5.7	26.2	–4.4	NM	–59.5	2,506	26

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

"WE'RE STILL A WORD-OF-MOUTH COMPANY"



Michael Abramson/Woodfin Camp

Apple Computer's John Sculley

Apple Computer ended the 1980s as the largest supplier of personal computers in the U.S. Not bad for a company whose first products were considered toys by serious computer users.

When the company's Macintosh personal computer was introduced in 1984, its very simplicity seemed to work against it. For example, an electronic mouse allowed users to "point and click" at clever command symbols—including a trash can to delete a file. But today good graphic commands are considered a must for desktop computers. Once-stodgy International Business Machines has developed its own graphic command symbols, working with Seattle software giant Microsoft. Even Sun Microsystems, a company that sells technical workstations to engineers and other sophisticated professionals, has altered its machines to make them easier to use.

Clearly, Apple's message carried the decade: A computer that is simple to use is likely to be used more often.

The company that began the 1980s as an innovator shows no signs of standing still in the 1990s. Apple's technical team won high marks with the recently introduced Macintosh portable, a machine that offers all of the features of the regular Mac and weighs in at 15 pounds. Users marvel at how well the Mac's graphics are replicated on the smaller screen.

Also, Apple has invested heavily in what is expected to be the next important area of technology: multimedia systems that combine video, text, graphics and sound to allow users to create their own sophisticated databases and presentations.

When Apple gets the prices for these new systems low enough, they will probably be bought by many of the same satisfied customers who purchased those first funny-looking Macintoshes in 1984.

"We're still a word-of-mouth company," says Chairman and Chief Executive John Sculley. "Our users are our number one sales force."—J.P.

Computers & communications	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			**Return on capital latest 12 mos %**	**Debt/ capital %**	**Sales**			**Earnings per share**			**latest 12 mos $mil**	**latest 12 mos $mil**
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**			**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**		
Bell Industries	10.1	7.3	4.9	5.2	15.0	11.1	11.1	–5.4	NM	NM	–50.8	410	6
Avnet	9.7	6.5	8.1	7.4	22.0	6.3	5.8	–0.1	–5.6	–12.4	12.4	1,865	59
Unisys	9.5	10.8	def	def	39.7	15.6	21.0	1.8	8.6	19.5	P-D	10,002	–455
Scientific-Atlanta	9.4	9.2	15.5	14.9	1.0	17.5	8.8	12.2	9.6	NM	27.3	567	38
Tektronix	8.4	4.4	1.7	13.0	18.1	7.8	2.7	0.9	NM	NM	D-P	1,426	10
M/A-Com	6.8	2.3	0.1	2.3	31.2	14.9	–11.1	4.0	NM	–8.6	–98.5	441	†
Varian Associates	6.7	4.7	7.4	6.6	10.9	9.8	6.6	14.8	5.0	–14.6	20.5	1,344	32
Penn Central	6.7	5.9	9.6	9.4	16.2	NM	–11.6	15.5	NM	–15.1[c]	123.5	1,725	168
Wyle Laboratories	5.9	6.1	6.6	6.5	24.3	6.0	5.7	3.1	–3.6	NM	–14.8	409	6
General Instrument	5.8	4.4	15.8	11.9	32.5	5.3	6.6	13.8	NM	NM	19.4	1,374	98
Teradyne	5.5	0.5	1.0	2.0	15.5	16.4	8.5	15.4	NM	NM	D-P	498	3
Data General	2.5	def	def	def	11.1	13.0	8.3	–3.7	NM	NM	D-D	1,314	–120
Zenith Electronics	2.5	def	def	def	37.3	9.9	13.8	–23.1	–10.7	NM	D-D	1,946	–27
Natl Semiconductor	1.4	def	def	def	5.7	14.0	11.3	–33.2	NM	NM	P-D	1,601	–15
TIE/Communications	def	def	def	def	4.3	28.0	–9.1	–5.2	NM	NM	D-D	238	–15
Control Data	def	def	def	def	38.3	2.4	NM	–7.7	–17.4	NM	P-D	3,344	–497
Arrow Electronics	def[a]	def	def	5.2	56.3	11.9[a]	6.0	2.2	NM	NM	D-D	928	2
Datapoint	def	def	def	def	37.5	4.5	–12.2	–5.5	NM	NM	D-D	313	–30
Storage Technology	def	def	12.4	9.9	53.0	6.2	NM	16.4	–22.2	NM	40.9	949	37
Advanced Micro	NA	def	def	1.1	15.0	NA	8.2	–6.4	NA	NM	P-D	1,067	†
AST Research	NA	38.1	def	def	39.3	NA	51.1	4.6	NA	33.9	P-D	463	–5
Atari	NA	NA	def	def	48.8	NA	51.0d	–29.7	NA	NM	P-D	406	–99
Compaq Computer	NA	42.0	38.7	32.5	21.4	NA	70.9	50.6	NA	91.5	53.5	2,756	346
Itel	NA	def	1.5	4.5	75.1	NA	66.6	32.3	NA	NM	–67.6	2,031	24
LPL Technologies	NA	11.6d	81.8	11.3	87.5	NA	35.3	8.3	NA	NA	408.6	610	28
MAI Basic Four	NA	45.2d	def	def	67.3	NA	9.0	–62.9	NA	84.4d	P-D	146	–33
Microamerica	NA	NA	10.1	10.1	35.1	NA	35.2	28.5	NA	NA	7.5	495	8

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Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

frame computers, and may well succeed. The new strategy, however, has yet to boost the bottom line.

The woes of the minicomputer makers provided much of the drama in a year that saw even IBM struggle. By year-end IBM said it would reduce its work force by 10,000, restructure operations and take a $2.3 billion charge against fourth-quarter earnings. Analysts said the cuts weren't deep enough.

Though relatively strong sales growth is expected to continue for personal computers, it may be slowed by the U.S. semiconductor industry's inability to compete with the Japanese in memory components. U.S. Memories, the industry consortium created to combat Japan's dominance in an important segment of the memory chip market, has faltered from a lack of support from personal computer and workstation manufacturers. The market for dynamic random access memory (DRAM) chips, a vital building block for personal computers and workstations, accounts for the largest portion of semiconductor sales worldwide. Only Texas Instruments and Micron Technology, a small Boise, Idaho outfit, currently produce these memory chips for sale to others.

Among software companies, the best performers were those that help workstation users pull specific pieces of information from databases. One example is Oracle, whose profits rose 91% between 1988 and 1989. Microsoft, with its close relationship with IBM, continued to be a leader in PC software.

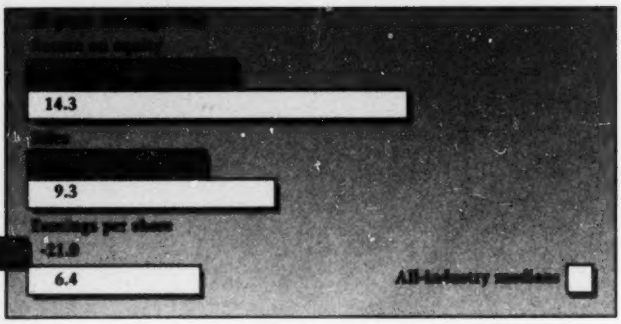
In telecommunications, the regional Bell operating companies were buoyed by further deregulation after a federal court allowed them to offer limited information services. ■

Computers & communications	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			**Return on capital latest 12 mos %**	**Debt/capital %**	**Sales**			**Earnings per share**			**latest 12 mos $mil**	**latest 12 mos $mil**
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**			**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**		
Micron Technology	NA	25.7	32.5	34.1	7.3	NM	55.0	48.6	NA	NM	–15.7	446	106
Seagate Technology	NA	30.3	17.1	11.2	36.2	NA	58.1	7.8	NM	36.2	500+	1,447	77
Softsel Computer Prod	NA	31.6[c]	24.8	16.6	46.0	NA	35.1	37.8	NA	NM	28.3	581	10
Sprague Technologies	NA	def	def	def	14.6	NA	NM	–1.3	NA	NM	P-D	485	–33
Sun Microsystems	NA	28.1	8.8	7.9	17.7	NA	125.6	53.4	NA	89.1	–41.5	1,915	45
Texas Instruments	NA	15.9	16.1	12.6	20.1	7.5	4.4	3.5	NA	NM	–7.2	6,355	351
Wyse Technology	NA	18.2	def	def	44.1	NA	57.4	–27.1	NA	NM	P-D	402	–41
Medians	**12.6**	**12.1**	**9.6**	**7.9**	**17.9**	**13.0**	**12.3**	**8.8**	**–3.6**	**–15.1**	**–9.1**		
Software													
General Motors EDS	37.9	41.8	30.1	20.9	16.5	38.3	51.0	13.3	34.9	45.7	10.2	5,238	419
First Financial Mgmt	22.3[a]	18.2	14.0	15.0	72.7	48.5	74.3	84.4	36.2	45.1	46.4	684	43
Automatic Data	19.0	19.0	20.1	16.2	20.8	17.7	15.7	6.4	15.9	18.6	14.6	1,685	190
Computer Sciences	15.8	14.6	14.1	13.4	20.9	12.2	14.1	18.8	8.4	17.6	15.3	1,419	55
Computer Associates	NA	26.6[c]	37.7	16.4	6.6	NA	43.8	48.7	NA	64.4	8.4	1,206	138
Lotus Development	NA	41.1	20.3	15.0	37.7	NA	48.7	9.9	NA	30.8	–28.5	518	48
Microsoft	NA	58.6	37.6	39.2	0.0	NA	60.1	29.8	NA	67.4	30.5	862	184
Oracle Systems	NA	50.0	44.2	42.0	12.8	NA	121.1	101.7	NA	132.5	85.7	669	86
Medians	**20.7**	**33.9**	**25.2**	**16.3**	**18.7**	**28.0**	**49.9**	**24.3**	**25.4**	**45.4**	**15.0**		
Telecommunications													
Alltel	15.6[a]	16.2	16.4	9.2	40.1	10.3[a]	9.9	20.0	6.7[a]	9.7	–14.2	1,176	133
Centel	15.5	14.4	24.8	9.9	48.1	6.9	NM	–19.6	4.3	2.4	75.2	1,054	240
Cincinnati Bell	14.9	16.2	16.8	9.6	29.8	9.4	11.5	20.8	7.4	13.9	4.9	868	89
Rochester Telephone	14.3	13.8	15.1	8.6	30.5	12.0	9.3	13.9	4.2	NM	22.3	531	52
Contel	14.3	13.8	16.0	8.4	43.7	12.8	7.1	14.0	NM	NM	92.7	3,132	253
So N England Telecom	13.7	13.9	16.3	9.5	32.5	8.9	5.8	7.4	5.9	4.9	23.1	1,671	188
United Telecom	13.0	13.2	34.2	14.2	52.4	11.4	14.8	134.0	NM	NM	304.6	7,286	641
GTE	12.8	12.7	15.9	8.2	40.2	6.6	3.9	5.4	3.7	NM	10.0	17,109	1,352
MCI Communications	12.8[a]	6.2	56.2	17.9	51.5	42.7	25.9	30.5	NM	NM	144.0	6,192	592
Western Union	def	def	NE	def	382.9	2.2	–5.9	–25.0	NM	NM	D-D	661	–262
American Tel & Tel	NA	2.5	def	def	34.8	NA	0.8[c]	5.0	NA	NM	P-D	36,167	–1,350
Ameritech	NA	15.8	15.5	9.1	30.8	NA	4.1[c]	2.7	NA	7.6[c]	–1.0	10,112	1,216
Bell Atlantic	NA	14.8	14.9	8.7	35.0	NA	7.8[c]	4.6	NA	7.4[c]	6.1	11,330	1,375
BellSouth	NA	14.7	13.6	8.4	28.1	NA	8.9[c]	6.6	NA	5.3[c]	0.6	13,958	1,645
Communications Trans	NA	NA	def	def	77.1	NA	74.5	108.6	NA	NA	D-D	413	–30
Nynex	NA	14.3	12.6	8.2	32.0	NA	7.6[c]	4.5	NA	7.1[c]	–6.6	13,086	1,194
Pacific Telesis	NA	14.1	14.6	8.6	30.8	NA	4.7[c]	0.5	NA	5.6[c]	9.7	9,546	1,169
Southwestern Bell	NA	13.4	13.0	8.0	27.8	NA	3.4[c]	2.1	NA	3.7[c]	10.2	8,593	1,101
Telecom-USA	NA	9.8[c]	19.9	15.8	35.8	NA	47.5[c]	35.1	NA	NM	30.5	659	35
US West	NA	14.3	13.3	7.5	33.9	NA	5.7[c]	5.1	NA	6.9[c]	–6.3	9,500	1,038
Medians	**14.0**	**13.9**	**15.3**	**8.6**	**34.9**	**9.8**	**7.3**	**6.0**	**3.9**	**3.7**	**7.9**		
Industry medians	**14.2**	**14.3**	**13.6**	**9.2**	**23.8**	**12.1**	**11.5**	**8.8**	**4.2**	**–4.1**	**–1.0**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

CONSTRUCTION



Look for stable growth in the 1990s, with housing the brightest star.

By Claire Poole

LAST YEAR WAS BLEAK for the construction industry, but cyclicality is the nature of this beast, and the cycle will eventually turn—perhaps soon. According to McGraw-Hill's Construction Information Group, total contruction contracts are expected to grow 5%, to $274 billion, in 1990. This would be the first advance since 1987.

Home building could fuel the fire. After a dismal year of heavy rainfall in the Northeast and natural disasters such as Hurricane Hugo in the Southeast, housing starts should reach 1.5 million in 1990—up 8% over 1989. While that's still down 16% from the 1986 peak, experts predict strong demand if interest rates continue to cool. That could bring an even stronger uptick in home building as early as 1991.

Single-family-home starts look the healthiest. They fell 3% last year, to 975,000 units, but are expected to grow 10% this year. Younger baby boomers, who have delayed buying homes because of high mortgage rates, could add some growth; meanwhile, older buyers may buoy the market for larger, move-up homes.

In commercial construction, the outlook isn't as bright. Office building and store contracts should both be down 8% in 1990. But with vacancies falling (office vacancy is now at 18%, down from a high of 21%), the commercial market should stabilize in the early to mid-1990s.

With capital spending slack, heavy construction contracts

Construction

	Profitability					Growth						Sales	Net income
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Commercial builders													
Rouse	22.1	21.2	16.3	5.6	91.3	17.2	21.2	9.5	14.3	NM	–25.8	483	14
Apogee Enterprises	18.2	17.4	16.6	11.8	36.4	18.3	17.1	41.3	12.7	21.3	14.3	518	14
Blount	17.8	18.0	47.8	26.0	36.0	10.4	8.3	–27.1	NM	NM	500+	915	68
Centex	11.9	11.3	13.3	9.0	22.1	6.8	8.9	19.5	8.3	NM	89.2	1,946	54
Turner Corp	10.6	1.5	1.8	6.8	45.5	9.6	14.6	13.2	NM	–22.5	–73.7	3,546	1
Jacobs Engineering	6.3	10.3	24.0	22.1	10.8	NM	27.4	4.8	–6.8	64.6[d]	40.7	794	10
Butler Manufacturing	5.8	6.7	10.3	9.3	68.7	4.6	12.9	–2.2	–12.8	30.4[c]	72.7	618	13
Guy F Atkinson	5.7[b]	3.3	def	def	4.1	–2.2[b]	NM	–8.7	–18.5[b]	–40.7	D-D	845	–38
Perini	4.8	2.7	1.4	2.4	23.1	4.4	–1.1	–7.4	NM	NM	–90.0	805	4
Fluor	0.4	def	17.0	15.6	7.6	NM	NM	31.1	–17.3	NM	–40.0	6,216	103
Morrison Knudsen	def	def	def	def	19.3	5.2	–2.5	16.3	NM	NM	D-D	2,139	–8
Fischbach	def	def	def	def	22.8	3.4	–3.4	–18.1	NM	NM	D-D	799	–31
LVI Group	def	def[d]	def	def	94.9	12.5	NM	–0.7	NM	NM	D-D	485	–33
CBI Industries	NA	0.4	4.4	5.0	34.9	NA	11.9	9.5	NA	NM	–13.3	1,464	26
MMR Holding	NA	NA	def	258.2	50.8	NA	69.4	–0.4	NA	86.0	P-D	554	–10
Wheelabrator Tech	NA	NA	0.0	NA	NA	NA	NA	NA	NA	NA	NA	NA	NA
Medians	5.8	3.0	3.1	6.8	34.9	5.2	8.9	4.8	–18.5	NM	–40.0		
Residential builders													
Ryland Group	24.2	28.0	20.7	7.4	94.4	22.8	30.9	7.0	23.1	27.4	2.2	1,347	36
PHM	17.0	10.4	24.6	7.8	82.2	21.1	2.1	13.2	NM	–11.9	500+	1,244	67
MDC Holdings	15.6	def	def	def	70.5	84.7	48.3	1.0	NM	NM	D-D	801	–67
General Development	10.7[b]	10.5	1.8	5.7	73.8	8.8[b]	13.4	27.0	–9.1[b]	–18.2	–77.1	646	6
Skyline	7.9	8.8	10.5	10.4	0.0	–1.4	NM	13.2	NM	11.8	12.2	380	15
US Home	def	def	def	def	64.6	NM	–9.4	–5.8	–21.8	NM	D-D	703	–5
Kaufman & Broad Home	NA	NA	25.7	28.3	53.1	NA	35.2	4.2	NA	23.9[d]	26.7	950	68
Medians	13.1	9.6	10.5	7.4	70.5	14.5	13.4	7.8	NM	–11.9	2.2		
Industry medians	7.9	5.0	4.4	7.1	41.0	6.8	10.4	5.9	–21.0	NM	–32.9		
All-industry medians	14.3	14.3	14.4	11.1	32.0	9.3	10.9	8.5	6.4	7.6	8.0		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

are also expected to be down this year, by perhaps 2%. As a result, many companies are chasing repair jobs and overseas refinery work that is less dependent on the sluggish U.S. economy.

Expecting a power shortage in the 1990s, companies like Fluor and Guy F. Atkinson plan to go after energy projects. Fluor recently formed a joint venture with Duke Power to build coal-fired cogeneration plants. And because of environmental concerns, Atkinson has also expanded into hazardous waste cleanup, as has Jacobs Engineering Group.

Since Congress' Gramm-Rudman budget law capped infrastructure spending at $43 billion a year (inching to $44 billion by 1990), heavy construction outfits haven't been able to rely on the federal government to bail them out. But there is one window cracking open: The states, many of which raised taxes last year, are collectively in the black. For a company like Guy F. Atkinson, constructing an $80 million courthouse in Central Islip, N.Y. may not look like much. But after a year like 1989, the construction companies are learning to cultivate markets wherever they can find them. ■

GOING NATIVE

The Ryland Group, based in Columbia, Md., was a sleepy little home builder before C.E. (Ted) Peck became chairman in 1982. Now it has sales of over $1 billion and stands ready to face the 1990s. As is often the case with successful entrepreneurs, Peck's strategy was simple but well executed. Says he, "Home building is a local business, dominated by the local economy, so we spread ourselves around."

So far, the go-local strategy has worked well. In 1982, when many builders lost money, Ryland showed a $4.2 million profit, because of its Texas operation, which was riding the state's then-robust oil economy. Ryland also correctly timed California with its 1986 acquisition of Los Angeles-based M.J. Brock, a home builder that now contributes 20% of Ryland's sales and nearly 50% of profits. "We've learned that we have to enter a city when its economy is down and serve it while it's growing," says Peck. Example: Ryland recently moved into Austin, Tex., where the new-home market should pick up and bankrupt builders have left a vacuum.

In a housing market that remains sluggish nationally, Peck is certainly going after the right customers. Ryland now sells 60% of its homes to move-up buyers—often aging baby boomers looking for larger, more expensive homes to buy.

Ryland also has a nice financial services business, which provides 80% of its home buyers' mortgages. Under a freakish ruling by the Financial Accounting Standards Board, the debt of Ryland's mortgage-backed securities subsidiaries is combined with the parent company, pushing the overall debt-to-capital ratio to what looks like an unhealthy 94%. But a more realistic view of the company excludes that subsidiary's debt (which Ryland does not guarantee), leaving a manageable ratio of about 57%.

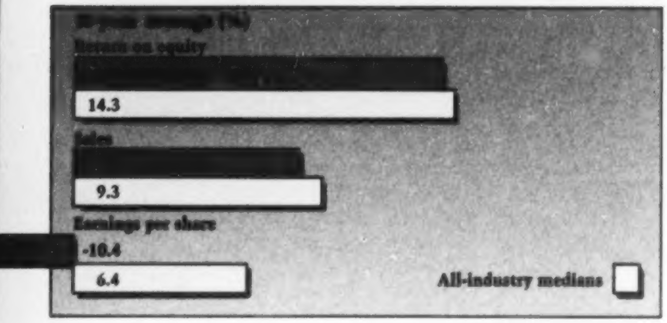
What's more, to cut its interest expense, Ryland is in the midst of converting as much as $100 million of its short-term bank debt—all rated BBB—to the medium term.

To be a star performer in housing, companies need good management, good products and good geographical spread. Ryland has all three.—C.P.

Rhoda Baer

The Ryland Group's Ted Peck

CONSUMER DURABLES



Auto and major appliance firms bunker down, gird for slower growth.

By Jerry Flint

IT'S NOT THE BEST OF TIMES for consumer durables industries, but there have been worse. Detroit's big three, led by General Motors, passed out average rebates of $1,000 on their 1989 cars, with GM alone handing customers $6 billion. The aim: to keep production running and stop the Japanese from winning more market share. Those rebates led to shrinking profits for car- and truckmakers in North America. Sales slumped in the fourth quarter, and it's going to get darker before the dawn.

No one can say for sure whether this winter's slump will break by spring. Making matters worse, production keeps increasing at the Japanese plants in the U.S.

Make no mistake, the survival of GM, Ford or Chrysler isn't at issue here. All three have closed plants and lopped tens of thousands of white-collar employees from the ranks since the early 1980s, and more cost-cutting is under way. Remember,

Consumer durables	Profitability					Growth						Sales	Net income
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/ capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Autos & trucks													
Oshkosh Truck	29.2[b]	30.5	11.0	10.5	6.7	28.9[b]	16.9	21.0	38.5[b]	29.0	–17.3	427	13
Subaru of America	24.7	5.2	def	def	20.0	15.1	11.5	4.4	NM	NM	D-D	1,727	–69
Chrysler	24.5	32.0	19.2	9.3	62.3	12.4	18.2	9.7	NM	25.2	44.5	37,639	1,457
Ford Motor	23.0	29.6	22.0	13.1	72.6	8.2	14.1	7.1	NM	24.7	–4.5	95,913	4,679
Paccar	14.3	15.8	21.3	13.8	39.2	5.5	13.8	14.7	NM	22.8	16.6	3,516	189
General Motors	13.2	13.9	14.6	10.9	47.9	8.4[a]	8.1	5.9	NM	NM	26.7	127,999	4,922
Mack Trucks	def	def	def	def	41.9	2.5	6.4	–5.7	NM	NM	P-D	1,925	–96
Navistar Intl	def	def	18.1	18.2	14.9	–7.9	NM	6.1	NM	NM	–34.8	4,196	183
K-H Corp	NA	NA	NE	def	98.4	NA	NA	–23.5	NA	NA	D-D	1,495	–279
Medians	18.7	14.8	14.6	10.5	41.9	8.3	12.6	6.1	NM	NM	–17.3		
Automotive parts													
Bandag	33.0	39.2	46.9	40.1	2.5	5.0	10.1	9.4	18.4	18.6	15.0	517	74
Standard Products	25.3	28.3	16.5	13.3	33.9	11.5	13.7	14.7	NM	19.8	–26.3	596	25
TBC	22.6	22.1	23.5	22.6	0.0	10.3	6.4	0.5	17.7	35.3	8.3	485	16
Snap-on Tools	21.6	22.4	21.5	21.1	1.3	9.8	13.0	5.2	11.0	18.4	1.1	882	109
Genuine Parts	19.8	20.3	22.6	21.5	1.9	9.3	6.4	8.5	8.9	11.4	13.0	3,114	194
PPG Industries	17.4	19.7	20.5	14.7	23.6	7.1	8.3	4.2	12.0	18.7	0.5	5,742	466
Cooper Tire & Rubber	17.1	15.7	21.0	16.3	17.0	10.8	9.3	17.0	15.3	12.0	50.0	854	54
Goodyear	16.3	20.6	12.2	7.0	52.5	2.8	1.1	3.3	8.0	20.2	–46.7	10,960	249

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

GM and Ford together earn better than $5 billion in profits from abroad, and Chrysler has two big profit lines—minivan and Jeep—which can keep the company going until better days arrive. Profits last year for the big three together will be in the $9 billion to $10 billion range, below the previous year's $11-billion-plus, but still a lot of money.

This year new managements take over at Ford and GM, with GM likely to get a more product-oriented team, a probable plus. Ford, meanwhile, will have financial men in charge, including Harold (Red) Poling, today's vice chairman, as chief executive. The new leaders will have their hands full. One nagging worry: Washington, which is threatening to pass enormously costly but foolish auto emissions standards.

For auto-parts makers, business falls off when car production slumps. A bright spot here is Japanese carmakers, which at first resisted American suppliers but are now sourcing more parts in the U.S. for their new American plants. Also, certain new technologies, such as air bags and antilock brake systems, will mean a lot of work for a handful of suppliers, including TRW Inc.

The appliance industry has a different set of problems. The business normally runs on 15-year cycles, approximating the

ALL THEY NEED IS THE GIRL

General Motors' profits won't necessarily climb quarter by quarter. There will be many bad days. But GM is better prepared to face the 1990s than its Detroit competitors. Under Chairman Roger Smith, who retires this year, the company's entire manufacturing base has been rebuilt. That means dozens of brand-new or retooled factories. The changes didn't come cheap. Total cost: more than $40 billion. Critics charge that Smith spent too much and counted too much on robots to save the company. But the job's done and the payoff will come over the next decade.

Down in Tennessee, GM and its unionized workers at the Saturn factory are trying something new for big industry. No hourly pay, no time clocks, no my-way-or-the-highway labor relations. In their place: pay by the year and participatory decision-making, even down to picking Saturn's advertising agency.

Global thinking? In Europe, GM's sleek new cars and plant expansions are gaining market share. The company's foreign operations probably earned about $3 billion in 1989.

Innovation? Buying Hughes and EDS gave GM a piece of the electronics communications business. Maybe GM overpaid, maybe there will be some falloff in the defense business. But if technology means survival, GM has made its down payment.

Management? Smith was once GM's chief financial officer, and the best guess is that the successors to leadership will be more product-oriented. That could mean more decisions by men who deeply understand the car business, not just the numbers. And that could be good for GM and good for America.

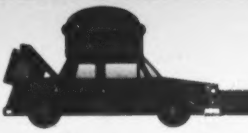
GM's got the plants, the technology, the spirit. So what's wrong? The biggest part of its business, selling cars in the U.S., is probably a loss operation, and market share has fallen. Remember the old song: "Got my tweed pressed, got my best vest. All I need now is the girl. . . . " All GM needs is the cars. Many of the cars it sells in the U.S. don't match the competition. To make really big profits, say $10 billion a year, GM needs cars that don't require $1,500 rebates to sell. Smith admits it.

"We need the penetration. We need the market share," he says. "To get that, you've got to have the products, you've got to have the quality. We've got the quality [now], we've got the products coming." He's right. Examples: a sleek new van and handsome 1992 Pontiac Bonneville.

The 1990s will be cruel for automakers. Too much worldwide capacity, too many regulations from Washington, too many competitors from Japan who put shareholder return last and sacrifice profit for market share. But expect GM to ride out the storm and come out on top.—J.F.

Timothy White/Onyx

Roger Smith of General Motors



average life of a washer, dryer or refrigerator. The last cycle peaked in 1987, and now it looks like sales are headed downward. In 1987 some 50 million major appliances were shipped, but shipments have been declining ever since, with something under 49 million major appliances shipped in 1989 and the industry estimating maybe another million fewer shipments this year. Appliance makers like Maytag and General Electric would love to see a housing boom come along, but there's no sign of one.

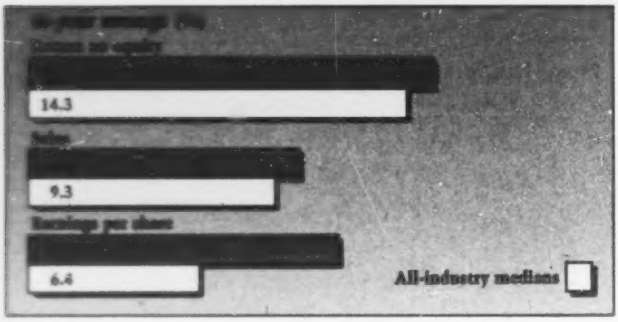
All this is for the big items like washers and refrigerators. The outlook is better for companies such as Premark International—outfits that make the smaller-ticket, less recession-sensitive machines that chop salad and microwave popcorn. ■

Consumer durables	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Modine Manufacturing	**16.2**	17.7	13.4	11.8	16.4	**9.1**	12.3	5.9	**11.7**	11.3	−9.4	433	23
Eaton	**14.5**	18.1	18.9	13.4	34.7	**1.9**	2.9	7.7	**6.0**	14.6	7.6	3,663	222
SPX	**13.8**	13.0	19.2	14.1	18.3	**14.7**	15.4	−17.0	**6.1**	NM	89.3	709	69
Johnson Controls	**13.6**	12.9	10.9	9.0	22.9	**15.8**	20.5	18.8	**5.4**	3.8	−9.9	3,684	98
Echlin	**13.4**	12.9	7.0	6.4	26.0	**17.4**	17.7	12.4	**9.8**	4.2	−28.6	1,454	44
Dana	**13.0**	14.2	16.1	11.2	53.4	**7.8**	10.8	3.2	**NM**	7.3	22.1	5,234	155
Federal-Mogul	**12.6**	11.2	11.0	9.1	32.4	**6.3**	8.4	−6.4	**NM**	NM	−15.6	1,102	41
Lancaster Colony	**12.1**	11.9	16.7	12.8	23.0	**6.8**	3.4	8.9	**NM**	NM	12.7	500	22
Barnes Group	**11.1**	14.2	12.4	9.8	41.1	**1.7**	NM	2.4	**NM**	9.6[c]	−14.8	504	17
Arvin Industries	**11.1**	10.7	1.7	3.2	41.2	**12.5**	18.0	11.9	**11.5**	18.0	−37.7	1,473	13
Allied-Signal	**9.8**	11.1	15.7	11.3	32.8	**13.3**	3.6	0.3	**NM**	NM	18.0	11,891	517
AO Smith	**5.1**	7.9	4.9	5.1	34.2	**2.8**	3.5	3.4	**NM**	−32.7[d]	8.4	1,023	15
Cummins Engine	**2.7**	def	def	def	35.5	**6.8**	12.8	10.3	**NM**	NM	D-D	3,524	−51
Allen Group	**0.3**	def	16.6	11.4	17.2	**1.4**	NM	3.9	**−13.9**	NM	D-P	354	19
Danaher	**NA**	25.5	28.0	15.9	59.0	**NM**	64.2	7.0	**NM**	103.9[c]	9.3	756	42
Masco Industries	**NA**	18.2[c]	16.2	6.9	74.2	**18.4[a]**	32.8	3.6	**NA**	NM	25.9	1,702	57
Medians	**13.7**	**14.9**	**16.4**	**11.6**	**29.2**	**8.5**	**9.7**	**5.6**	**6.0**	**10.4**	**8.0**		
Appliances													
Emerson Radio	**18.7**	14.2	15.4	11.8	35.7	**33.9**	31.7	23.6	**NM**	NM	D-P	871	14
Whirlpool	**15.0**	12.9	9.5	9.5	37.9	**8.4**	10.2	28.3	**4.6**	−7.1	−14.2	5,566	126
Toro	**12.1**	20.3	18.2	14.6	44.9	**7.0**	21.1	1.5	**NM**	26.9[c]	0.0	635	20
Black & Decker	**5.4**	6.4	11.3	13.6	79.3	**7.1**	12.4	24.2	**−6.9**	NM	−7.3	2,722	82
Amdura	**def**	def	8.0	13.3	64.4	**−6.6**	−4.2	111.4	**NM**	NM	D-P	521	7
Allegheny Intl	**def**	def	NE	def	121.4	**NM**	−19.1	2.3	**NM**	NM	D-D	953	−31
Harman International	**NA**	34.7[c]	19.9	12.9	59.2	**NA**	26.4	10.0	**NA**	59.2	22.3	530	16
Maytag	**NA**	29.9	24.1	17.7	45.0	**NA**	4.2	49.2	**NA**	11.8	−11.7	2,767	144
SSMC	**NA**	NA	def	def	6.9	**NA**	−2.5	−12.4	**NA**	NA	P-D	596	−36
Standard Shares	**NA**	13.0	8.4	7.8	4.9	**NA**	10.3	11.1	**NA**	NM	−14.4	826	15
Medians	**8.7**	**13.0**	**10.4**	**12.4**	**44.9**	**7.0**	**10.2**	**17.4**	**NM**	**NM**	**−9.5**		
Home furnishings													
Rubbermaid	**21.5**	22.9	21.7	19.6	7.6	**16.7**	22.0	13.8	**17.7**	18.6	15.3	1,322	111
Leggett & Platt	**19.4**	19.3	18.1	13.9	35.1	**16.1**	17.4	26.0	**15.7**	12.7	18.1	959	45
Newell Co	**18.0**	18.0	20.0	15.8	34.7	**23.7**	32.4	10.4	**14.2**	21.8	39.7	1,098	77
Kimball International	**17.6**	17.7	15.8	14.5	3.3	**10.9**	14.9	16.0	**10.1**	15.0	15.0	613	37
La-Z-Boy Chair	**16.6**	17.5	14.2	11.7	25.7	**14.2**	19.4	9.5	**15.3**	12.0	1.4	556	26
Bassett Furniture Ind	**11.3**	8.9	7.2	7.2	0.0	**6.7**	6.2	0.5	**NM**	−10.7	7.9	468	19
Interco	**9.0**	8.0	NE	20.2	311.7	**2.4**	NM	−28.5	**−4.5**	−7.5	−74.7	1,929	92
Premark Intl	**NA**	NA	11.7	10.3	23.7	**NA**	7.1	7.5	**NA**	NM	−22.3	2,545	92
Medians	**17.6**	**17.7**	**15.0**	**14.2**	**24.7**	**14.2**	**16.1**	**10.0**	**14.2**	**12.4**	**11.5**		
Recreation equip													
Brunswick	**24.0**	23.0	def	def	35.2	**10.5**	23.2	−11.6	**27.2**	22.9	P-D	2,943	−48
Fleetwood Enterprises	**18.1**	17.8	17.9	17.8	0.0	**10.9**	6.1	7.9	**NM**	NM	26.5	1,587	67
Briggs & Stratton	**12.4**	10.8	def	def	19.9	**4.9**	7.4	−7.1	**−3.7**	−2.9	P-D	873	−20
Winnebago Industries	**11.8**	10.9	def	def	6.3	**12.6**	8.1	2.9	**NM**	−24.2	P-D	438	−5
Outboard Marine	**10.0**	10.3	12.1	10.9	28.6	**7.3**	14.2	−8.8	**5.8**	NM	−2.7	1,464	70
Coachmen Industries	**8.7**	4.0	def	def	9.1	**9.8**	−5.2	−15.0	**NM**	−28.7	P-D	339	−1
Harley-Davidson	**NA**	49.3[d]	26.2	16.1	39.9	**NA**	25.8	8.0	**NA**	61.2	9.5	785	32
Medians	**12.1**	**10.9**	**def**	**def**	**19.9**	**9.8**	**8.1**	**−7.1**	**NM**	**−24.2**	**P-D**		
Industry medians	**13.8**	**14.2**	**15.0**	**11.6**	**33.4**	**8.4**	**10.3**	**7.1**	**−10.4**	**5.8**	**0.2**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

CONSUMER NONDURABLES



In uncertain times, hold the soapmakers, dump the apparel firms.

By Gale Eisenstodt

American consumers made 1989 a banner year, spending $1.1 trillion on nondurable goods such as apparel, perfumes and soaps. But the flow of green at the cash registers is slowing. Spending on nondurables will likely rise 4% this year, versus a jump of nearly 7% last year, says Conference Board economist Albert Sommers.

If Sommers is right, textile and apparel companies such as Springs Industries and Kellwood are likely to feel the pinch more than companies such as Procter & Gamble and Clorox, which make personal and household products. The reason is simple. Shoppers can hold off on buying the fluffy angora sweater or new designer jeans, but even in the toughest of times they will replace a flattened toothpaste tube.

Beginning in December 1988, clothing manufacturers

Consumer nondurables	Profitability					Growth						Sales	Net income
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/ capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Personal products													
Tambrands	29.1	29.3	21.4	19.8	0.0	13.7	10.7	4.0	9.8	10.7	–12.4	584	76
Gillette	27.0	33.4	NE	21.4	55.7	5.8	10.9	7.3	NM	16.0	13.7	3,734	267
Stanhome	21.9	26.2	27.1	27.3	0.9	9.3	11.1	13.2	12.6	35.9	17.5	532	43
Johnson & Johnson	21.3	23.3	20.4	23.8	22.2	8.3	8.8	7.5	9.5	15.7	14.9	9,486	1,063
Clorox	20.1	20.3	16.8	14.9	0.8	5.3	6.1	8.1	13.5	11.4	–8.0	1,393	128
Kimberly-Clark	17.6	19.1	21.9	14.2	21.6	10.3	10.4	7.7	7.2	16.6	12.2	5,662	408
Block Drug	16.9	16.3	14.3	13.9	5.0	10.0	11.9	8.6	12.0	12.6	8.2	419	45
Colgate-Palmolive	15.9	18.5	30.0	19.6	44.5	0.9	NM	–0.4	NM	NM	47.5	4,965	344
Helene Curtis Inds	15.2	15.5	13.0	10.7	41.7	16.8	12.6	25.5	20.6	15.5	20.1	693	17
Procter & Gamble	15.2	12.9	20.3	14.8	21.9	7.8	9.4	8.9	NM	NM	29.7	21,706	1,357
Scott Paper	15.0	18.3	19.0	11.7	39.6	9.9	13.7	11.3	11.7	27.5	–0.3	5,058	385
Carter-Wallace	14.2	16.2	16.1	15.4	6.0	11.2	10.2	6.0	21.1	20.9	15.6	533	48
Service Corp Intl	12.7	10.6	9.7	7.3	38.4	21.8	25.4	4.6	14.0	NM	46.5	741	55
Alberto-Culver	11.7	14.1	21.8	18.2	31.6	12.2	14.1	18.6	12.8	48.4	13.1	717	29
Greyhound	10.7	9.6	10.3	8.5	61.6	–7.4[a]	2.4	10.4	NM	NM	274.6	3,512	104
Avon Products	0.7	def	33.3	16.4	72.6	2.7	NM	11.0	NM	NM	D-P	3,279	137
Gibson Greetings	NA	22.8	20.4	17.9	6.0	13.0	9.2	13.6	NA	4.4	19.0	435	38
Medians	15.6	18.3	20.3	15.4	22.2	9.9	10.4	8.6	10.8	12.6	15.6		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

pulled out of a slump that began after the October 1987 stock market crash. Liz Claiborne, which recently introduced a line of large-size women's sportswear, was a major beneficiary of the rebound. In the first nine months of 1989, sales rose 16% and earnings were up 48% over the comparable 1988 period. Bolstered by its success with department store boutiques, Leslie Fay, a dress manufacturer, also showed impressive earnings gains.

With sales robust, apparel stocks outperformed the market early in 1989 but started to lag as signs of a slowdown became evident. Late in the year men's apparel sales grew sluggish, hurting Phillips-Van Heusen and Oxford Industries. An added worry for apparel firms: the worsening health of many department stores—including, most obviously, those of Campeau Corp.—and the price slashing that has resulted. At the bottom of the apparel chain, textile companies such as Springs

NIMBLE GIANT

Johnson & Johnson Chairman Ralph Larsen, 51, is running what may be the world's best personal products and health care company. Over the past decade it has returned 21% on its equity, versus an industry average of 16%. Calling J&J "one of the best-diversified and best-positioned health care companies in the world," Sanford C. Bernstein analyst Kenneth Abramowitz forecasts annual earnings growth of 15% through 1993.

The toughest part of Larsen's job will be to keep his $9 billion (revenues) company innovative. J&J's record so far is impressive. Among its emerging products are Sucralose, a noncaloric sweetener that can be used in cooking, and Retin-A, an acne medication that has gained attention as a wrinkle cream.

Rather than search for rapid growth in personal products markets, which are now mature, Larsen is building the company's pharmaceuticals business, an area in which he can exploit its trusted brand name, and where margins are high. Pharmaceuticals now account for 26% of Johnson & Johnson's revenues but 49% of profits.

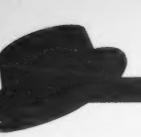
The business is not without risks. Once a drug's patent expires, producers of generic drugs can knock 30% off the proprietary product's sales in a year. One way to extend the life of a drug is to sell it in a milder form over the counter. Last year J&J began selling its patented Imodium, an antidiarrheal, over the counter. Another J&J drug, Hismanal, an antihistamine, will eventually follow suit. A joint venture between J&J and Merck & Co. will soon attempt to market other drugs over the counter as well.

Meanwhile, Larsen, who himself moved up J&J's consumer products ladder, is consolidating marketing and administrative activities for the dental, health care and baby products divisions. He is also looking for acquisitions to round out the company's consumer products lines, perhaps overseas. J&J already has a strong presence in Western Europe and is looking at Eastern Europe and the Soviet Union as well.

"We would make a large acquisition if it made strategic sense," says Larsen. "We look for acquisitions that give us technology, that allow us to strengthen our position in a specific field of interest, or acquisitions that allow us to enter markets more rapidly." With a relatively minor $1.9 billion in debt, compared to $4 billion in equity, Larsen could finance a purchase of $10 billion or more.—G.E.

Danuta Otfinowski

Ralph Larsen of Johnson & Johnson



and Guilford Mills started to feel the pinch.

In contrast, earnings in the soap and toiletry business are steady. The trick for these companies is to find ways to grow quickly in markets that are expanding only 2% to 4% a year. The worst news this year was a stronger dollar, which crimped foreign sales at Colgate-Palmolive and Gillette.

Gillette is expected to improve earnings this year by introducing an innovative new razor that has blades mounted on tiny springs. Procter & Gamble, which acquired Noxell in November for $1.4 billion, has instituted tighter brand management. Wall Street noticed: P&G's market value jumped some 50% last year. Meanwhile, Helene Curtis is roaring along as it takes on P&G in the shampoo business with its Salon Selectives, Suave and Finesse brands. Helene Curtis' sales and earnings for 1989 increased by as much as 20%, and similar gains are expected this year. ■

Consumer nondurables	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/ capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Apparel & shoes													
Liz Claiborne	51.8^a	45.0	32.8	31.5	2.6	44.6^a	39.2	17.0	45.4^a	37.1	40.2	1,325	151
NIKE	29.8	18.9	37.8	35.3	4.9	27.9	4.7	26.0	22.7	NM	38.4	1,803	186
VF	26.3	22.6	16.1	14.0	44.8	18.6	20.6	–2.2	22.2	7.4	–1.9	2,474	174
Phillips-Van Heusen	20.3	27.7	43.5	14.0	51.8	5.4	1.8	14.3	15.3	8.9	14.7	689	23
Russell	18.3	18.2	17.4	14.2	32.6	11.5	10.8	24.0	12.5	16.8	15.5	636	61
Kellwood	15.3	18.5	19.4	14.6	30.9	1.5	2.2	10.6	13.9	19.3	11.6	788	35
Oxford Industries	9.6	3.6	9.8	8.7	24.8	10.7	1.4	–3.6	NM	NM	D-P	565	10
Crystal Brands	NA	6.7^d	11.9	5.5	59.3	–4.9^b	–5.1	102.6	NA	79.2^d	142.5	798	26
Fruit of the Loom	NA	NA	34.8	11.5	70.1	NA	13.3	25.6	NA	NA	80.2	1,238	90
Gitano Group	NA	NA	29.2	20.7	35.0	NA	37.4	19.3	NA	30.2	1.0	560	28
Leslie Fay Cos	NA	NA	21.0	14.4	44.8	16.9^b	11.6	20.7	NA	14.9^d	18.5	780	28
Reebok International	NA	61.8	21.1	18.5	12.3	NA	NM	–1.1	NA	94.4	–10.4	1,775	147
Medians	**20.3**	**18.9**	**21.0**	**14.3**	**33.8**	**11.5**	**7.8**	**18.2**	**15.3**	**16.8**	**17.0**		
Textiles													
Shaw Industries	20.9	22.5	34.2	16.7	45.7	19.6	22.5	15.6	23.8	19.0	48.3	1,219	52
Guilford Mills	17.3	14.0	12.6	9.9	30.1	12.7	16.9	5.6	4.2	5.4	–4.8	617	25
Dixie Yarns	14.1	16.7	7.5	6.8	34.2	10.1	19.2	–4.1	18.1	36.4	–28.0	592	15
DWG	13.2	14.6	def	4.7	68.9	25.1	29.0	6.3	11.6	31.0	P-D	1,191	–12
Salem Carpet Mills	12.8	15.0	12.7	10.0	46.0	9.0	10.5	3.9	16.0	11.5	12.9	414	8
Springs Industries	8.9	9.1	12.6	10.0	26.4	9.4	17.5	6.2	6.8	12.1	49.6	1,908	69
Fieldcrest Cannon	5.4	4.1	7.7	6.8	52.8	11.3	24.7	–0.1	–8.7	NM	D-P	1,353	20
United Merchants	def	def	def	def	90.5	1.6	7.2	–26.7	NM	NM	D-D	458	–75
Delta Woodside Inds	NA	78.9^c	26.0	18.8	40.2	NA	55.8	12.7	NA	127.2^d	–2.5	565	28
Medians	**13.0**	**14.6**	**12.6**	**9.9**	**45.7**	**10.7**	**19.2**	**5.6**	**9.2**	**12.1**	**–2.5**		
Photography & toys													
Fuqua Industries	23.6^b	23.2	def	1.2	32.9	–5.3	2.0	3.5	20.9	15.7	P-D	936	–2
Hasbro	23.5	17.8	12.0	11.9	14.9	39.3	36.7	3.4	38.8^a	10.0	52.5	1,388	89
Eastman Kodak	14.3	15.3	13.3	8.2	46.4	6.6	10.0	12.7	NM	19.8	–32.1	18,055	901
Tonka	13.5	12.7	13.6	10.9	83.7	20.5	53.1	6.7	NM	NM	D-P	899	12
Polaroid	5.4	5.7	6.5	7.3	33.8	2.5	9.5	3.3	NM	NM	107.1	1,900	91
Mattel	def	def^c	51.6	18.7	50.3	4.6	8.0	24.5	NM	NM	D-P	1,165	69
Medians	**13.9**	**14.0**	**12.6**	**9.6**	**40.1**	**5.6**	**9.8**	**5.1**	**NM**	**NM**	**79.8**		
Industry medians	**15.2**	**16.7**	**17.1**	**14.1**	**34.6**	**10.1**	**10.8**	**8.4**	**11.7**	**12.6**	**15.6**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

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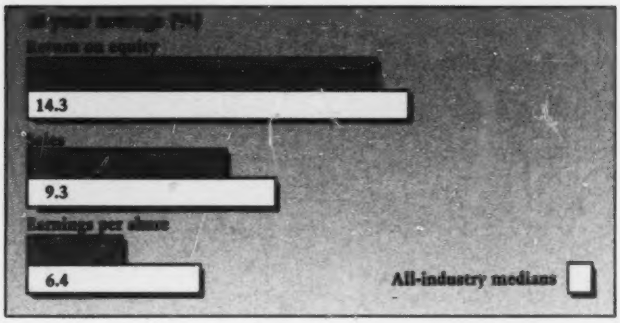
ELECTRIC UTILITIES



The burning question: Where will new generating capacity come from?

By Ronald Bailey

THE U.S. AVERTED BLACKOUTS and brownouts last year, largely because the summer was mild. But the potential shortage is real. The Department of Energy projects that the U.S. will need 116 gigawatts of new generating capacity by 2000, and the industry so far plans to add only 43 gigawatts.

With the industry now at the end of a 20-year construction cycle, few utilities plan to make major additions to capacity in the 1990s. Right now utilities have 17% more capacity than needed to generate their average output, and that is considered a minimum to maintain reliability. Next year capacity will dip below that level, increasing the probability of blackouts and brownouts in the 1990s.

Like much of the rest of U.S. industry, the utilities are acquiring—doing financial deals—rather than expanding capacity. Last year Pacific Power & Light merged with Utah Power & Light, Southern joined with Savannah Electric & Power, Eastern Utilities Associates acquired Newport Elec-

DERRING-DO

As utilities go, PacifiCorp is downright daring. Fresh from its $2.1 billion merger last January with Utah Power & Light, Portland, Ore.-based PacifiCorp struck again last month. It made a $2 billion offer for Arizona's Pinnacle West Capital Corp.

The prize is Pinnacle West's Arizona Public Service division, which serves 45% of the state's homes. The booby prize is Pinnacle West's MeraBank thrift unit (assets, $8.3 billion), which is sinking along with the Arizona real estate market. Burdened with more than $1 billion in bad loans, Merabank needs $450 million in capital, federal regulators insist. Under the terms of PacifiCorp's offer, the foundering thrift would be spun off after a capital infusion, and PacifiCorp would add Arizona Public Service to its seven-state system.

PacifiCorp's $2 billion bid is a shrewd turf grab. If the company succeeds in acquiring Pinnacle West, its transmission system would essentially stretch from Canada to Mexico. This would give PacifiCorp a crucial advantage. Demand in PacifiCorp's northern division (Washington and Oregon) peaks in the winter, while demand in its southern division (Utah, Wyoming and now Arizona) peaks in summer. By matching the northern peaks with the expanded southern troughs, and vice versa, PacifiCorp could make available an additional 650 megawatts of steady capacity for sale to other utilities.

Also, the linked system would give PacifiCorp sufficient generating capacity to delay construction of new plants until after the year 2000.

According to PacifiCorp Chief Executive Al Gleason, the company's maverick approach stems from the fact that "we've had to scratch and compete and be a very low-cost producer in order to survive" in a region that is amply supplied with cheap hydropower.

Unlike many utilities, PacifiCorp's diversification efforts into mining and communications have been remarkably successful. All told, they account for 37% of the company's annual revenues. Says Gleason, "If we manage our nonutility businesses correctly, then we will be able to grow PacifiCorp's earnings at a rate higher than our utility brethren." So far PacifiCorp is doing just that, making itself the utility to watch in the 1990s.—R.B.

John Maddock Robert

Al Gleason of PacifiCorp

tric, Hawaiian Electric merged with Molokai Electric, and Duke Power linked up with Nantahala Power & Light.

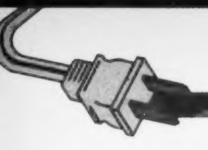
Meanwhile, the largest merger, the proposed $2.9 billion union between SCEcorp and San Diego Gas & Electric, is still pending. Also pending are Northeast Utilities' takeover of ailing Public Service of New Hampshire and Eastern Utilities Associates' offers for Unitil and Fitchburg Gas & Electric Light.

Further mergers will likely be spurred by proposed amendments to the Clean Air Act. Those amendments could cost electric utilities between $40 billion and $60 billion in new expenditures for retrofitting coal-fired plants by the year 2000. The idea behind some of the mergers is, apparently, that super-utilities can afford the costs better than ordinary-size ones, according to Shearson utility analyst Edward Tirello. Smaller utilities dependent on old coal-fired plants will

Electric utilities	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			**Return on capital latest 12 mos %**	**Debt/capital %**	**Sales**			**Earnings per share**			**latest 12 mos $mil**	**latest 12 mos $mil**
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**			**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**		
Northeast													
Potomac Electric	**16.6**	17.8	15.7	7.6	46.5	**7.1**	3.1	–0.6	**11.1**	9.9	–1.9	1,337	206
Baltimore G&E	**15.3**	16.0	12.9	7.6	38.8	**6.8**	2.2	8.5	**8.8**	7.4	–13.3	1,945	276
Allegheny Power	**14.8**	14.8	13.1	7.2	39.7	**8.0**	4.4	1.6	**7.3**	3.0	–1.3	2,212	200
Commonwealth Energy	**14.7**	13.4	12.6	6.5	35.5	**6.3**	NM	14.4	**5.5**	–7.4	21.2	765	38
Northeast Utilities	**14.1**	13.4	12.3	6.3	49.0	**8.2**	NM	–2.7	**6.9**	–5.2	10.1	2,160	226
Consolidated Edison	**14.0**	13.7	13.3	8.5	34.1	**5.2**	–2.2	6.0	**9.0**	2.3	5.6	5,392	595
Delmarva Power & Lt	**14.0**	14.0	12.5	7.2	36.4	**6.6**	2.5	3.1	**5.0**	NM	3.8	780	84
Orange & Rockland	**13.8**	13.9	12.0	7.3	39.0	**5.4**	–2.9	10.7	**4.5**	3.3	–14.5	522	39
Atlantic Energy	**13.5**	14.0	13.6	7.4	36.2	**9.8**	5.4	5.4	**4.9**	3.1	–1.1	693	78
Pub Svc Enterprise	**12.9**	13.2	13.4	8.8	39.8	**7.0**	1.6	8.4	**3.4**	NM	1.2	4,642	527
New England Electric	**12.9**	9.6	10.9	5.2	44.6	**6.2**	1.2	6.4	**NM**	NM	D-P	1,585	116
NY State E&G	**12.7**	11.6	12.4	7.0	46.6	**10.5**	5.6	8.8	**NM**	–14.0	45.5	1,414	159
Pennsylvania P&L	**12.6**	12.8	13.3	7.5	42.7	**12.3**	11.6	1.4	**1.3**	3.8	–2.9	2,247	321
Philadelphia Elec	**12.4**	12.2	12.7	7.5	50.0	**8.0**	3.8	4.9	**NM**	NM	–9.4	3,342	555
Rochester G&E	**12.3**	11.0	9.9	7.0	49.6	**7.2**	NM	6.9	**NM**	–19.5	10.8	806	60
Central Hudson G&E	**11.6**[a]	9.8	10.9	7.1	48.5	**4.4**[a]	–3.2	5.3	**NM**	–7.8	–14.8	457	39
Long Island Lighting	**11.3**	9.0	def	2.6	59.0	**8.5**	2.9	6.1	**NM**	–10.8	P-D	2,261	–54
United Illuminating	**11.3**	8.8	def	def	48.6	**7.4**	1.6	2.9	**NM**	NM	P-D	528	–57
American Water Works	**11.3**	11.6	9.3	6.2	48.2	**9.5**	6.5	3.7	**14.0**	7.7	–7.1	523	53
Niagara Mohawk Power	**11.2**	8.8	3.7	5.3	50.6	**7.5**	NM	2.7	**NM**	–14.8	–31.3	2,851	138
General Public Utils	**10.8**	13.6	13.9	7.1	34.4	**7.7**	1.6	3.1	**18.3**	26.8	–0.8	2,878	276
Central Maine Power	**10.6**	10.2	9.5	6.5	44.5	**10.7**	6.5	8.0	**–1.6**	–6.0	–34.4	693	37
Public Service NH	**9.7**	9.9	0.5	2.9	63.9	**7.9**	4.1	1.2	**–6.6**	NM	D-P	604	1
Boston Edison	**NA**	13.1	9.6	5.8	39.5	**6.2**	NM	1.5	**NA**	NM	12.0	1,242	89
Medians	**12.7**	**13.0**	**12.3**	**7.0**	**44.5**	**7.4**	**1.9**	**5.1**	**3.4**	**–7.6**	**–1.2**		
North central													
PSI Holdings	**34.7**	47.5	21.2	9.7	41.1	**7.2**	4.2	–0.2	**–7.9**	NM	–26.3	1,048	100
Ipalco Enterprises	**15.8**	16.3	14.1	8.2	33.1	**7.1**	7.2	–0.9	**7.5**	6.1	–0.4	595	95
Minnesota Power & Lt	**15.6**	15.9	18.3	9.1	41.0	**5.2**	3.1	7.7	**6.7**	4.8	47.6	465	94
Wisconsin Energy	**15.6**	15.9	13.0	8.8	38.8	**6.5**	0.7	0.8	**9.9**	6.1	–18.5	1,507	166
WPL Holdings	**15.5**	15.1	10.7	7.7	37.8	**6.3**	0.6	3.0	**7.4**	1.4	–27.9	604	45
No States Power	**15.4**	15.0	12.8	6.7	32.2	**7.3**	2.4	1.2	**7.7**	2.0	–9.3	1,974	204
Cincinnati G&E	**15.1**	16.3	17.3	9.3	42.1	**6.3**	NM	2.2	**3.3**	NM	63.8	1,396	221
Wisconsin Public Svc	**14.9**	14.8	12.4	8.8	35.5	**5.8**	–1.7	0.7	**6.3**	1.9	–11.8	608	50
Iowa-Illinois G&E	**14.9**	14.1	13.1	6.8	39.3	**5.7**	–2.1	–0.8	**4.6**	NM	1.5	483	57
Union Electric	**14.3**	14.6	12.7	7.4	42.1	**8.9**	8.8	–2.0	**NM**	NM	–12.0	1,981	262
Commonwealth Ed	**13.8**	13.3	9.2	7.2	43.3	**8.9**	4.3	5.4	**4.0**	–4.6	–15.3	5,790	728
Illinois Power	**13.7**	12.3	def	def	47.3	**6.2**	NM	–0.1	**NM**	–11.3	P-D	1,288	–281
CILcorp	**13.1**	12.9	14.4	6.3	29.3	**3.3**	–3.5	–2.5	**4.3**	NM	49.6	450	48
Ohio Edison	**12.9**	12.3	8.7	6.8	46.7	**8.6**	5.8	5.7	**3.1**	–8.5	–23.4	2,142	248
Central Ill Pub Svc	**12.9**	12.6	13.6	7.2	32.0	**4.1**	–4.4	–1.6	**2.8**	NM	0.9	602	87
DPL	**12.8**	13.0	15.2	9.1	48.5	**6.3**	NM	–2.0	**NM**	NM	35.8	954	129
American Electric	**12.8**	13.6	14.5	7.7	44.0	**6.8**	1.2	4.9	**2.7**	4.1	10.1	4,990	612
Iowa Resources	**12.6**	11.5	11.9	6.6	41.9	**3.8**	–6.7	6.1	**NM**	–6.6	23.7	360	41
Kansas City P&L	**12.5**	10.8	10.7	6.0	36.6	**8.1**	6.0	–1.8	**5.5**	–7.4	–18.3	721	93
IE Industries	**11.8**	11.9	11.9	6.0	42.0	**5.6**	–1.4	1.0	**NM**	NM	–10.2	431	33
DQE	**11.7**	11.3	10.8	6.0	46.9	**5.3**	4.3	11.6	**1.6**	–4.7	3.6	1,121	114

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.



be unable to afford the costs of pollution controls and will probably be purchased by bigger companies.

The stately march toward deregulation continued last year. The Federal Energy Regulatory Commission's report on electricity transmission, issued in October, is a step toward deregulating the national grid and allowing greater access to nonutility power producers.

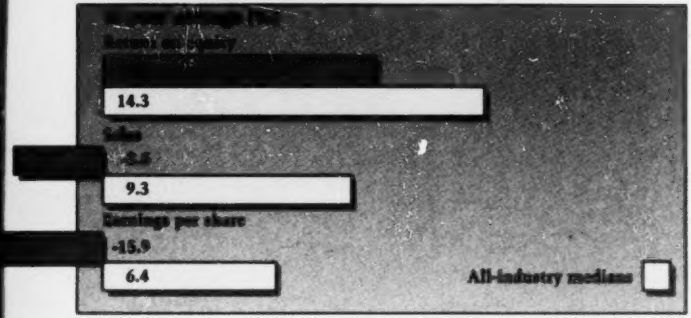
Cash flow for utilities improved overall, chiefly because their funds are no longer tied up in big construction projects and because many contentious regulatory matters have been resolved. Actual electricity output rose only 1.9%, compared with 1988's 4.5% increase. The real price of electricity continued to decline. With interest rates softening in December, the Dow utility average reached historic highs, but its 22.5% rise since last January still lagged the 27% increase for the Dow industrial average. ■

Electric utilities	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Centerior Energy	10.7[b]	8.4	def	2.0	38.8	5.5[b]	3.5	12.2	NM	NM	P-D	2,231	–73
Kansas Gas & Elec	10.3	8.3	9.2	6.3	41.2	8.7	6.8	5.2	NM	–9.8	–10.4	546	63
Detroit Edison	9.6	7.1	def	2.1	52.6	7.1	5.6	5.2	NM	NM	P-D	3,171	–124
Nipsco Industries	6.3	5.4	11.9	6.8	40.1	3.9	–6.6	2.8	–6.0	–10.3	62.1	1,533	136
CMS Energy	3.6	3.4	18.7	8.3	46.6	4.7	–1.5	2.8	NM	NM	10.2	2,961	311
Medians	**13.0**	**13.0**	**12.5**	**7.0**	**41.1**	**6.3**	**0.9**	**1.7**	**2.8**	**–10.1**	**–9.8**		
Southeast													
Florida Progress	14.9	15.7	14.6	7.4	29.7	10.4	9.8	3.3	7.2	7.3	9.9	2,077	192
TECO Energy	14.7	14.7	15.8	8.0	32.1	10.0	9.1	3.3	5.7	4.8	12.7	1,056	130
Scana	14.3	14.8	13.6	7.0	36.6	9.1	1.4	4.0	4.9	4.6	5.6	1,109	122
Southern Company	14.0	13.4	13.3	8.3	46.9	10.3	5.4	1.6	6.2	–3.8	12.8	7,356	890
Duke Power	13.8	13.5	12.2	7.4	32.8	11.1	9.3	–2.1	4.7	1.6	–9.6	3,602	474
FPL Group	13.7	14.0	13.1	6.8	36.4	12.7	11.2	4.1	5.2	5.8	–1.8	6,100	426
Kentucky Utilities	13.1	13.9	13.5	9.3	37.9	6.3	1.7	–6.1	6.8	5.1	–10.7	522	72
Louisville G&E	13.0	13.4	12.9	7.1	37.0	7.3	NM	3.2	5.3	2.7	–0.6	664	84
Dominion Resources	13.0	14.1	11.7	7.2	45.4	7.9	6.0	10.7	6.2	7.6	–13.8	3,609	381
Carolina Power & Lt	12.5	11.8	14.2	7.6	38.9	10.2	5.9	9.8	NM	–6.0	73.5	2,436	359
Medians	**13.7**	**14.0**	**13.4**	**7.4**	**36.8**	**10.1**	**5.9**	**3.3**	**5.5**	**4.7**	**2.5**		
South central													
Southwestern Pub Svc	18.5	17.7	16.1	9.2	36.8	9.3	0.8	0.6	5.9	NM	–2.0	799	108
Central & So West	15.4	15.1	10.9	6.4	33.8	6.8	–1.8	–0.2	6.1	3.1	–23.9	2,506	283
Texas Utilities	14.8	14.1	12.1	6.8	40.8	10.5	2.7	2.6	5.9	1.2	–6.0	4,238	696
Oklahoma G&E	14.0	14.2	13.8	7.4	37.4	7.5	2.1	0.4	6.2	3.5	–15.5	1,095	124
Houston Industries	13.8	13.8	9.4	6.4	45.0	9.0	–2.9	4.0	3.2	–1.3	–24.9	3,738	330
El Paso Electric	13.4	8.8	def	def	44.4	13.5	14.1	5.8	–6.9	–32.8	P-D	415	–90
Entergy	10.8	9.5	def	0.5	50.6	7.6	4.0	8.6	–2.7	NM	P-D	3,770	–429
Gulf States Utils	10.7	8.4	def	3.5	43.0	7.5	NM	6.8	–6.1	–22.4	P-D	1,592	20
Medians	**13.9**	**14.0**	**10.1**	**6.4**	**41.9**	**8.3**	**1.4**	**3.3**	**4.5**	**–11.8**	**–24.4**		
Western													
Tucson Electric	16.7[a]	16.9	def	0.1	53.1	13.0[a]	13.4	14.8	16.2[a]	9.1	P-D	616	–28
SCEcorp	15.4	15.2	15.1	9.2	44.3	9.2	6.0	11.4	6.8	1.4	–7.1	6,824	766
San Diego G&E	15.4	15.0	13.7	8.2	40.3	11.9	5.7	–2.4	8.1	NM	–6.2	2,031	180
Public Service Colo	13.0	13.5	16.7	9.0	39.3	7.8	NM	2.3	3.6	NM	48.6	1,731	157
Puget Sound P&L	11.6	12.9	13.4	8.6	46.6	12.5	7.2	13.7	NM	24.8	–0.5	873	132
Portland General	11.5	9.6	9.2	6.7	39.3	9.4	4.1	4.8	NM	–14.4	14.3	789	82
Montana Power	11.4	10.0	9.7	7.1	32.8	7.8	7.9	1.8	NM	NM	4.0	733	79
Pinnacle West	11.3	8.8	def	5.9	53.8	12.6	17.3	8.7	1.3	–2.5	P-D	2,156	–111
Hawaiian Electric	11.2	11.7	12.0	7.4	35.0	7.3	1.6	20.8	5.0	5.0	24.3	851	63
Pacific G&E	10.5	7.6	3.3	4.5	42.2	7.5	NM	14.2	NM	NM	–61.1	8,485	336
Public Service NM	6.9	1.1	def	def	42.4	15.7	15.3	13.8	NM	NM	D-D	902	–91
PacifiCorp	NA	13.9[c]	14.4	8.2	48.3	NA	5.8[c]	6.3	NA	5.1[c]	–2.0	3,657	448
Medians	**11.5**	**12.3**	**10.9**	**7.2**	**42.3**	**9.4**	**5.9**	**10.0**	**1.3**	**–8.5**	**–4.1**		
Industry medians	**13.0**	**13.3**	**12.4**	**7.1**	**41.1**	**7.5**	**2.6**	**3.5**	**3.5**	**–6.3**	**–2.5**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

ENERGY



Oil prices firmed up nicely last year, but how long will they stay that way?

By Toni Mack

FOR OIL COMPANIES, the pleasant surprise of 1989 was that strong world demand kept the prices in the $18 to $20 a barrel range for much of the year, despite OPEC's customary overproduction. The question now: Will the prices stay firm in 1990? Probably not, unless OPEC can rein in its production during the typically slow winter months.

Among last year's unpleasant surprises: U.S. demand for gasoline softened, eroding once-strong refining and marketing margins. Also, the great petrochemical boom ended, weakening prices for commodity chemicals like ethylene and propylene. While refining and marketing margins should recover somewhat this year, the petrochemical business is likely to remain weak.

At long last, oil service companies seem to be emerging from the slump that beset the industry for much of the 1980s. The trend toward offshore and natural gas drilling, as opposed to less expensive onshore oil drilling, means added profit for these outfits. Because oil service companies are so lean, says

"WE JUST CAN HARDLY WAIT"

Jack Van Antwerp

Consolidated Natural Gas' Davidson

Odds are that natural gas will be the premium fuel of the 1990s, and no company is better prepared to cash in than Pittsburgh's Consolidated Natural Gas (likely 1989 revenues, $2.7 billion). For starters, CNG's exploration unit has found lots of gas that can be sold at increasingly higher prices as the market tightens. Chairman George Davidson figures that CNG can raise gas output from existing wells by 23%. And exploration in the Gulf of Mexico should increase output even further.

Then there is the environmental angle. CNG serves Ohio, Pennsylvania and the Northeast, where utilities are destined to face new emissions restrictions. Chances are good that these areas will turn to clean-burning gas, whether in new or existing electrical generating plants. For coal-fired plants, CNG is at the forefront in developing a new technology called cofiring, which reduces emissions by burning a little gas with the coal. Davidson thinks CNG can increase its distribution deliveries by 11% through cofiring alone.

The Northeast market is attractive for other reasons as well. In this energy-hungry region, gas use is increasing at about 6% a year. Some observers even think that the Northeast's gas demand could grow by 50% by the mid-1990s.

CNG's own pipeline doesn't actually go into the Northeast, but its aggressive marketers have been selling gas there—hiring another pipeline to carry it—since 1979, when such a thing was almost unheard of. CNG's strategy is to meet high winter demand by drawing gas from the company's mammoth storage fields, which are filled in the summer when gas is plentiful. Expansions being built now will raise CNG's pipeline deliveries by 13% by the mid-1990s, and proposed projects are likely to increase those deliveries a further 15% or more.

"With everything we have on the fire, we just can hardly wait until 1994 or 1995 to see what we've accomplished," says Davidson. By then, CNG's earnings could swell from around $2.20 a share in 1989 to $5.—T.M.

Energy	Profitability					Growth						Sales	Net income
	Return on equity			Return on capital latest 12 mos %	Debt/ capital %	Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %			10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
International oils													
Exxon	17.7	16.9	12.4	9.1	12.3	NM	–3.6	4.8	6.4	5.1	–23.9	83,393	3,920
Amoco	15.1	13.5	12.5	8.1	24.1	NM	–7.1	20.4	NM	NM	–19.8	25,343	1,666
EI du Pont de Nemours	12.7	13.3	16.4	11.9	14.3	11.4	1.6	8.4	3.7	13.0	19.1	34,945	2,497
Chevron	12.5	11.3	8.8	6.7	26.7	NM	–7.0	6.6	NM	NM	–28.5	27,549	1,309
Mobil	11.9	11.2	11.6	8.9	21.3	NM	–3.1	–4.9	NM	7.3	–12.9	48,900	1,824
Occidental Petroleum	9.4	5.0	3.5	5.1	56.5	8.0	NM	9.6	–21.8[a]	–12.0	–41.6	20,303	233
Texaco	3.1	def	28.3	18.1	30.2	NM	–6.2	–5.7	NM	12.7	D-P	33,160	2,422
Medians	12.5	11.3	12.4	8.9	24.1	NM	–6.2	6.6	NM	5.1	–19.8		
Other oil & gas													
Holly Corp	32.9	42.6	67.2	40.1	77.2	NM	–5.4	–1.3	16.8	NM	45.3	380	33
Getty Petroleum	21.7	28.4	23.7	17.8	45.8	28.0	49.8	–11.4	20.8	28.1[d]	3.6	1,067	26
Mapco	16.8	17.5	19.3	12.2	29.9	7.0	–5.0	9.0	NM	15.1	18.2	1,925	116
Atlantic Richfield	16.1	17.6	31.3	15.1	35.1	NM	–9.0	–9.0	NM	NM	31.7	15,874	1,941
Phillips Petroleum	15.7	17.4	28.8	12.1	47.3	NM	–8.3	7.1	NM	NM	9.2	12,156	609
Ashland Oil	12.1	14.5	8.1	6.4	43.1	NM	–2.1	3.0	NM	11.0[d]	–52.9	7,989	86
Unocal	11.0	7.4	19.7	9.1	51.7	NM	–4.9	12.5	–6.1	–23.3	D-P	9,865	427
PS Group	10.5	13.6	2.6	4.3	39.6	NM	–16.2	–10.6	7.2	NM	–85.8	247	6
American Petrofina	9.1	9.0	15.0	9.9	39.4	5.1	4.3	12.3	NM	NM	9.9	2,954	139
Charter	9.1	32.2	4.4	7.3	11.9	–16.1	–36.7	7.9	NM	NM	–92.5	647	7
Quaker State	7.6	3.9	4.8	4.3	22.0	3.5	–1.5	–4.8	NM	–12.8	18.8	819	15
Crown Central Pet	6.0	7.7	13.3	9.5	0.8	NM	–9.2	2.6	NM	NM	–62.8	1,188	33
Hadson	5.1[b]	9.2	def	def	62.3	NM	NM	30.8	7.1[b]	19.5[c]	P-D	782	–19
Tosco	5.1	NA	8.2	10.1	62.1	–6.7	–15.7	3.0	–13.8	NM	–81.6	1,258	28
Murphy Oil	4.8	def	6.7	4.9	25.9	NM	–11.0	9.7	NM	NM	D-P	1,604	51
Kerr-McGee	4.7	2.2	10.7	8.2	29.4	NM	–7.1	15.5	–5.2	NM	66.1	2,977	152
Amerada Hess	4.4	2.6	21.4	15.4	43.9	–4.0	–15.2	24.2	–6.2	NM	D-P	5,312	472
Louisiana Land	4.4	def	7.5	4.7	42.9	NM	–12.1	–9.2	NM	NM	D-P	685	38
Valero Energy	3.5	def	8.3	7.4	24.0	NM	–19.4	11.9	–8.5	NM	D-P	859	44
USX	def	1.6	16.4	9.8	43.3	2.7	–4.0	9.5	NM	NM	63.4	17,210	879
Harken Energy	def	0.5	0.8	5.5	48.7	NM	NM	80.9	NM	66.3[d]	–71.4	1,100	4
Tesoro Petroleum	def	def	def	def	31.6	–5.3	–19.5	–32.2	NM	NM	D-D	763	–31
Diamond Shamrock R&M	NA	NA	22.1	14.1	33.2	NA	–6.2	8.8	NA	NA	164.0	1,983	79
Maxus Energy	NA	NA	def	1.4	66.8	NA	–21.1[c]	–4.6	NA	NA	D-D	572	–42
Oryx Energy	NA	NA	7.8	5.9	36.5	NA	–22.9[c]	18.7	NA	NA	NA	1,112	42
Pennzoil	NA	def	17.0	8.1	33.0	NA	–4.4	21.4	NA	NM	D-P	2,548	242
Petroleum Heat & Pwr	NA	11.4	def	def	101.3	22.9[a]	20.1	6.7	NA	–12.8	P-D	483	–8
Sun Co	NA	5.4	10.4	6.9	22.0	NA	–12.4	7.6	NA	–6.2	500+	9,632	347
Union Texas Petrol	NA	17.6	72.1	17.7	41.5	NA	–14.2	–18.6	NA	NM	110.0	946	171
Medians	6.8	7.7	10.4	8.1	39.6	NM	–9.2	7.6	NM	NM	18.5		
Oilfield services													
Schlumberger	10.3	1.9	15.2	15.0	9.6	3.6	–4.9	–3.8	–6.9	–19.6	–28.5	4,725	420
Dresser Industries	4.2	2.9	10.5	10.0	13.0	NM	NM	0.2	–11.0	NM	42.4	3,842	159
Halliburton	4.1	def	4.6	4.4	8.2	–5.2	–5.6	9.7	–18.0	–25.8	–9.8	5,398	98
Smith International	def	def	def	3.7	57.1	–7.0	–19.3	–6.5	NM	NM	P-D	301	–2
Baker Hughes	NA	def	8.1	8.0	28.4	NA	–7.7	0.5	NA	NM	42.2	2,328	83
Baroid	NA	NA	3.7	4.4	11.7	NA	–13.4	–3.9	NA	NA	D-P	490	12
Valhi	NA	35.0	41.0	20.8	59.8	NA	51.0	6.1	NA	25.1	300.0	2,350	128
Medians	4.2	0.5	8.1	8.0	13.0	–6.1	–7.7	0.2	–14.5	NM	42.2		
Gas pipeliners													
Coastal Corp	13.9	14.0	13.6	8.3	58.3	8.3	5.9	4.2	4.1	NM	35.8	8,526	170
Enron	13.3	11.3	7.4	6.1	47.5	13.9	NM	2.5	NM	NM	54.1	5,834	140
Mitchell Energy	10.2	2.4	2.7	2.5	47.7	NM	–11.3	3.8	–18.0	–42.7	266.7	600	15
Sonat	6.6	1.6	9.0	7.0	38.7	NM	–14.5	23.2	NM	NM	4.3	1,695	97
Transco Energy	5.2	def	def	3.5	44.2	8.8	–5.5	–12.8	NM	NM	D-D	2,680	–3
Williams Cos	4.4	3.2	2.5	4.0	45.5	NM	–10.2	–9.7	NM	NM	–84.5	1,628	26
Panhandle Eastern	def	def	def	4.7	65.5	NM	–17.1	40.9	NM	NM	D-D	1,933	–4
Burlington Resources	NA	NA	15.0	11.4	11.2	NA	–21.8[d]	–23.5	NA	NA	NA	1,759	460
Medians	6.6	2.4	5.0	5.4	46.5	NM	–12.9	3.1	NM	NM	4.3		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

Salomon Brothers analyst James Crandell, they can make roughly 50% operating profit margins on any additional revenue. Thus, reckons Crandell, the oil service sector's average return on equity this year could grow to 10% or better, up from a recent 8%.

For the natural gas industry, the ravages of deregulation are mostly over. Pipelines have paid billions of dollars to get out of costly supply contracts; customers, including distribution companies, have mostly agreed to refund part of that cost over time; and distributors have generally gotten the permission of state public utility regulators to pass the added costs on to their customers.

That means pipelines' profits are poised to rebound, particularly if the gas market finally firms up this winter. First Boston analyst John Olson figures average return on equity could hit 10% in 1990, double recent returns. Now pipelines want to expand, with some $10 billion in projects awaiting regulators' approval. One worry: Distributors could be bypassed if the pipelines' expansions include lines built directly to end users.

In the coal industry, profits were hurt last year by the miners' strike at Pittston and summertime wildcat strikes at other eastern producers. But there is hope: Prices for metallurgical coal and some spot coal strengthened last year, and the trend should continue in 1990.

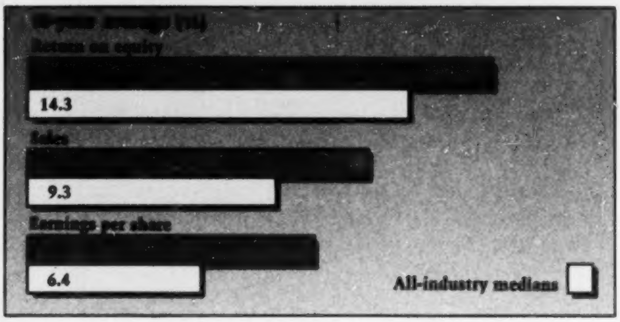
What to watch this year: environmental restrictions, particularly Clean Air Act revisions that Congress is considering. Oilmen and coal producers fret that new restrictions will prove costly and discourage demand, while gas folks are elated at the prospect of selling more of their clean-burning fuel. Among the winners should be low-sulfur coal producers like Westmoreland and Pittston. ■

Energy	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Gas distributors													
UtiliCorp United	**16.4**	15.8	12.9	8.0	40.4	**20.1**	30.7	2.8	**12.4**	2.9	1.1	681	**45**
Peoples Energy	**15.8**	15.9	15.8	8.6	36.6	**2.1**	–7.1	6.4	**4.7**	7.0	3.5	1,188	**78**
Laclede Gas	**15.7**	16.0	12.7	8.5	33.5	**3.5**	–7.8	1.9	**8.5**	6.1	–7.6	492	**23**
Kansas Power & Light	**15.5**	15.0	11.8	6.9	36.2	**18.3**	NM	–9.2	**6.6**	NM	–15.5	1,097	**74**
Washington Gas Light	**15.1**	15.5	12.2	8.1	37.0	**7.1**	–4.4	13.8	**7.1**	1.5	–3.6	756	**47**
Piedmont Natural Gas	**14.3**	14.3	14.8	9.1	38.7	**12.3**	2.9	8.9	**6.6**	5.2	–11.2	428	**25**
Brooklyn Union Gas	**14.2**	13.4	13.2	8.4	44.8	**8.6**	–1.7	7.8	**3.9**	NM	1.2	969	**64**
Southwest Gas	**13.7**	14.1	11.3	6.5	60.2	**13.8**	14.4	–1.3	**7.4**	7.2	–13.8	555	**37**
Midwest Energy	**12.9**	13.5	18.1	8.0	38.8	**10.4**	9.8	–1.3	**1.7**	3.0	15.5	564	**48**
Wicor	**12.1**	12.8	13.8	10.4	32.9	**8.8**	–2.6	0.8	**3.2**	NM	–0.2	740	**32**
Atlanta Gas Light	**11.5**	12.2	10.0	6.8	38.8	**7.9**	–4.1	–3.3	**4.9**	4.3	–15.6	939	**42**
Diversified Energies	**9.7**	8.3	8.9	6.4	34.4	**NM**	–3.6	15.8	**NM**	–5.5	–16.4	819	**24**
UGI	**7.7**	9.2	13.8	9.3	30.5	**3.7**	–10.5	–26.0	**–2.7**	NM	1.7	313	**34**
Nicor	**7.3**	11.2	18.2	8.7	26.8	**NM**	–10.0	8.1	**–4.7**	NM	8.2	1,592	**111**
Eastern Enterprises	**7.1**	6.7	12.3	8.5	27.3	**NM**	–13.4	17.3	**NM**	NM	21.7	789	**59**
MCN	**NA**	NA	18.6	9.8	40.3	**NA**	–10.3	6.3	**NA**	NA	1.8	1,298	**49**
Medians	**13.7**	**13.5**	**13.1**	**8.4**	**36.8**	**7.9**	**–4.2**	**4.6**	**4.7**	**1.5**	**0.4**		
Integrated gas													
Equitable Resources	**16.2**	12.5	9.3	6.6	27.6	**5.5**	–4.0	9.7	**6.6**	–10.7	21.6	430	**45**
Consol Natural Gas	**13.6**	12.7	9.5	6.1	24.2	**3.1**	–8.6	10.6	**5.6**	–1.7	–21.6	2,607	**156**
National Fuel Gas	**12.8**	12.2	12.3	8.4	32.3	**3.1**	–7.3	11.3	**6.9**	NM	17.0	856	**52**
Arkla	**12.6**	9.7	def	def	42.1	**9.6**	10.9	4.4	**–4.4**	–7.7	P-D	2,057	**–97**
Pacific Enterprises	**11.9**	11.2	10.7	7.0	36.0	**11.6**	4.9	13.8	**NM**	NM	–19.1	6,569	**210**
Questar	**11.2**	8.3	10.2	7.3	26.1	**5.8**	–5.5	–1.9	**NM**	–18.6	203.8	488	**48**
Oneok	**9.6**	6.3	11.4	7.7	21.6	**NM**	–14.5	8.2	**–13.9**	–27.4	437.5	618	**37**
Columbia Gas System	**7.1**	5.1	8.1	5.6	38.5	**NM**	–11.0	–10.4	**–7.9**	NM	36.3	2,824	**126**
KN Energy	**6.9**	2.4	def	def	39.4	**NM**	–8.7	0.9	**NM**	NM	P-D	337	**–16**
Enserch	**def**	def	7.1	4.8	43.7	**3.0**	–6.0	–3.1	**NM**	NM	D-P	2,683	**54**
Medians	**11.5**	**9.0**	**9.4**	**6.4**	**34.2**	**3.1**	**–6.6**	**6.3**	**–10.9**	**NM**	**19.3**		
Coal & other													
Nacco Industries	**20.2**	21.4	17.9	12.7	76.7	**6.4**	5.5	72.6	**18.5**	16.8	3.8	951	**44**
Pittston	**def**	def	6.6	6.2	16.5	**–3.1**	4.1	5.3	**NM**	NM	D-P	1,640	**29**
Westmoreland Coal	**def**	def	9.7	7.3	28.9	**5.0**	NM	3.6	**NM**	NM	D-P	601	**14**
Cyprus Minerals	**NA**	5.1[c]	26.4	20.8	7.3	**11.0[b]**	15.0	54.4	**NA**	NM	136.0	1,766	**276**
Medians	**def**	**0.8**	**13.8**	**10.0**	**22.7**	**5.7**	**4.8**	**29.8**	**NM**	**NM**	**D-P**		
Industry medians	**10.2**	**9.2**	**10.7**	**8.0**	**36.5**	**–3.5**	**–7.1**	**5.3**	**–15.9**	**NM**	**3.8**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

ENTERTAINMENT & INFORMATION



If the entertainment biz were a movie, we would call it Battle of the Titans.

By Lisa Gubernick

In the entertainment world, 1989 was a time for big companies to get bigger and for the small virtually to disappear. Time Inc. and Warner Communications led the parade with their $14 billion (fully diluted) merger. Then Sony spent $4.8 billion to buy Columbia Pictures Entertainment.

Thanks partly to *Batman* and *Indiana Jones,* box office grosses should hit $5 billion for the year. But that did little to ameliorate the sad state of the independent studios. "There's going to be a shakedown of the smaller studios as we hit the Nineties," predicts Morgan Stanley's John Tinker.

Signs have already appeared: Vestron, which never did find a successful sequel for *Dirty Dancing,* started running out of steam in June when Security Pacific Bank refused to extend a line of credit. By year-end Atlantic Entertainment, Kings Road Entertainment and the Weintraub Entertainment Group were in precarious condition, too.

In television land, there were virtually no new network prime-time hits. The networks' ranking (NBC in first, ABC second, CBS dead last) was identical to last year's, and the relentless erosion in TV viewership continued apace, with the three networks' total share falling from 67 to 65.

Meanwhile, the market for TV stations started to drop. By year-end heavily leveraged operations such as George Gillett's SCI Television were all worrying about rescheduling their debts. Says Martin Pompadur, who heads RP Cos., Inc., an investment outfit, "Nearly every station group bought up in the last year or so that I know of is in violation of its loan covenants."

The picture in cable was a bit brighter, but even there the glory days seemed to be over. Congress is considering reregulating the industry, and the telephone companies want in. Jack Kent Cooke put his 700,000-subscriber network on the market for $2,800 per subscriber in August 1988; he ended up taking $2,374 per subscriber a year later.

After a decade of robust growth, book publishers started to hit the skids. Penguin USA eliminated the adult publishing division of E.P. Dutton, and Paramount Communications

THE MOUSE THAT SOARED

Practically from the moment he walked into the chairman's office on the corner of Dopey Drive and Mickey Avenue in 1984, Disney's Michael Eisner has had a magic touch. He took a studio saddled with underutilized assets—theme parks and cartoon characters—and pumped new life into them. Before Eisner came along, Walt Disney Co.'s earnings were stagnating at 68 cents a share; this year they should be over eight times that.

Theo Westenberger/Sygma

Disney's Michael Eisner

Eisner isn't just exploiting old assets: He's creating new ones. On the movie side, there was 1988's hit *Who Framed Roger Rabbit* and last year's *The Little Mermaid.* Like *Roger Rabbit, Mermaid* is more than a movie.

At Disney's retail stores, merchandise based on Ariel (the mermaid) and her aquatic cohorts now makes up 6.5% of total sales.

Over the next decade Disney plans to introduce a new animated film each year. Combined with Disney's plans for records and television, that kind of creativity makes Disney a solid company for the long haul.

"In the Nineties we want to look at the expanding world marketplace," he says, his eyes on Europe as well as Asia. Euro-Disneyland, the French theme park, will open in 1992, and there are plans for a studio tour there by 1996. The MGM-Disney tour in Orlando is going great guns. Plans for a second Disney theme park outside Tokyo are now being drafted. All in all, Drexel Burnham Lambert analyst Andrew Wallach expects the expanded foreign operations could add as much as $40 per share in value to Disney's stock, recently trading at 130½ on the New York Stock Exchange.

For Disney stockholders, that's entertainment.—L.G.

announced a $140 million pretax writeoff from Simon & Schuster's operations. s&s Chief Executive Richard Snyder plans to cut back new titles by as much as 15%.

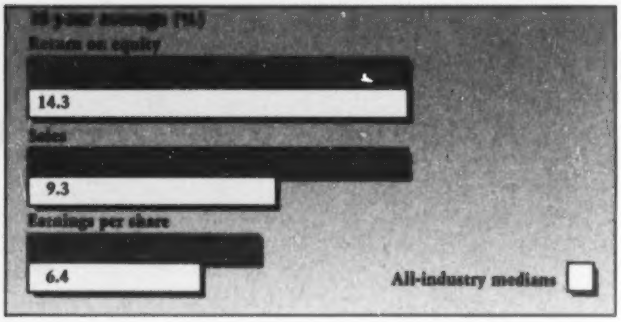
Tidings were similarly grim in the newspaper business. Though revenues rose by 4% to 6% on average, most of that came from increases in rates rather than added volume. Profits were up only about 6% to 8%, vs. 10% the year before, when tax changes helped boost the bottom line. As media analyst John Morton puts it, "It's hard times in the newspaper business, and it's not likely to improve anytime soon." ■

Entertainment & information	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Broadcasting & cable													
CBS	35.4	50.8	11.1	9.6	22.9	NM	–10.9	3.2	17.1	45.6	–79.4	2,867	280
Capital Cities/ABC	18.3	16.3	14.8	11.4	33.4	31.7	54.5	–2.1	17.3	19.4	16.5	4,764	444
Multimedia	8.7	2.2	NE	32.4	242.0	14.9	10.3	5.6	2.9	NM	89.0	458	36
Tele-Communications	8.3	6.9	def	3.6	75.2	40.4	47.2	32.2	12.4	NM	P-D	2,821	–167
Comcast	5.9	def	def	def	81.1	37.1	40.0	28.0	NM	NM	D-D	527	–127
Cablevision Systems	NA	def[c]	NE	0.2	120.6	NA	36.2	8.4	NA	NM	D-D	491	–135
Turner Broadcasting	NA	def[c]	NE	9.6	88.0	40.6[a]	30.7	27.8	NM	NM	D-D	991	6
Viacom	NA	NA	34.5	10.9	81.4	NA	37.3	20.3	NA	NA	NA	1,406	152
Medians	8.7	2.2	def	9.6	81.3	34.4	36.8	14.3	7.7	NM	P-D		
Movies													
Handleman	22.2	24.6	22.2	21.0	5.1	11.0	17.0	15.6	15.6	23.7	16.6	678	43
Walt Disney	17.4	23.1	28.8	21.6	11.1	17.4	21.1	33.6	13.6	43.7	34.2	4,594	703
Warner Commun	17.2	27.5	10.0	9.2	45.0	7.8	8.4	35.3	5.2	25.0[d]	–61.7	5,460	179
Paramount Commun	12.9	16.3	16.2	12.9	39.9	–3.7	NM	–22.9	5.2	18.9[c]	2.4	3,911	375
MCA	11.5	10.2	11.6	8.2	39.1	10.2	14.5	27.1	NM	4.4	76.3	3,477	196
AMC Entertainment	2.8	def	21.4	13.4	79.4	15.5	19.4	0.1	NM	NM	D-P	457	15
Orion Pictures	def	1.1	8.6	5.7	61.1	13.4	25.7	10.8	NM	NM	42.1	498	16
Commtron	NA	20.5	17.0	16.7	0.0	NA	30.6	15.8	NA	20.8	110.8	550	8
MGM/UA Commun	NA	NA	def	def	52.9	NA	13.1	29.9	NA	NA	D-D	877	–75
Pathe Communications	NA	NA	def	def	49.6	NA	NA	6.8	NA	NA	D-D	387	–86
Medians	12.9	18.4	13.9	11.0	42.5	11.0	17.0	15.7	5.2	19.8	25.4		
Publishing													
Commerce Clearing	39.7	33.1	18.9	15.7	7.6	12.4	10.1	12.1	13.6	13.1	–25.1	668	41
Washington Post	32.4	37.7	21.2	17.9	13.2	10.3	9.6	5.3	23.1	32.4	–37.9	1,433	184
Dun & Bradstreet	31.0	27.5	27.4	27.3	0.0	18.4	19.8	6.2	16.4	6.6	18.6	4,292	572
Dow Jones	29.7	28.1	27.6	21.6	10.1	14.9	12.4	3.4	18.1	15.4	30.3	1,662	320
Times Mirror	22.6	24.2	17.7	12.9	26.3	8.5	4.9	8.6	11.5	12.3	10.9	3,478	331
New York Times	22.0	22.3	38.7	25.0	26.6	13.2	9.8	–1.8	22.0	15.5	117.9	1,708	336
Gannett	21.9	22.2	21.8	14.2	31.0	15.5	15.1	6.5	11.8	13.0	11.0	3,455	388
McGraw-Hill	21.5	20.9	20.9	19.5	0.1	8.7	7.2	–1.7	10.7	7.5	7.0	1,778	193
RR Donnelley & Sons	18.2	18.9	16.8	12.4	3.4	13.2	12.6	12.2	14.6	13.0	10.6	3,107	218
Banta	17.9	16.6	19.8	13.9	26.0	12.4	12.9	36.3	14.0	7.4	47.2	560	33
Knight-Ridder	17.2	17.8	28.1	15.9	43.2	9.4	7.4	9.8	9.1	8.5	55.0	2,235	231
Tribune	16.7	19.3	18.7	13.3	17.8	9.0	7.5	5.1	14.1	23.2	22.0	2,411	238
Meredith	16.1	14.0	8.8	7.8	5.0	8.0	9.1	10.0	10.4	NM	–10.6	797	32
American Greetings	13.6	10.7	8.5	7.0	27.4	13.5	8.8	2.0	6.8	–11.4	32.2	1,255	49
Harcourt Brace	12.7	10.7	NE	def	160.8	NA	30.7[c]	–21.2	NM	NM	P-D	1,344	–249
Standex International	12.0	10.9	15.2	12.0	29.4	4.1	3.3	2.0	NM	NM	71.1	443	22
Media General	11.3	8.1	def	0.6	42.5	12.0	8.6	–15.4	NM	–19.3	P-D	633	–8
Affiliated Pubs	NA	38.1[c]	62.6	37.0	37.5	12.4	13.0	–0.4	NA	21.5[c]	D-P	527	107
Central Newspapers	NA	15.4[d]	14.2	13.2	0.9	NA	5.3[c]	3.8	NA	4.1[c]	8.8	428	33
EW Scripps	NA	NA	12.9	9.2	32.3	NA	10.7	5.1	NA	NM	171.1	1,256	81
Time Warner	NA	23.0	1.9	9.0	78.6	14.4	10.7	29.7	NA	19.6	–90.8	5,755	25
Western Publishing	NA	32.2[c]	12.9	12.8	0.0	NA	17.1	–4.0	NA	28.5[c]	–18.0	502	23
Medians	18.2	20.9	18.2	13.3	26.2	12.4	10.0	5.1	11.8	10.4	11.0		
Advertising													
Interpublic Group	19.7	20.7	20.8	19.1	9.2	12.9	14.7	15.8	10.2	16.4	17.1	1,236	67
ADVO-System	NA	def	11.1	10.6	NA	NA	21.9	4.9	NA	NM	D-P	618	5
Omnicom Group	NA	13.7	21.4	17.8	35.1	NA	9.5	9.2	NA	3.8	13.5	968	45
Medians	19.7	13.7	20.8	17.8	22.2	12.9	14.7	9.2	10.2	3.8	17.1		
Industry medians	17.3	17.8	15.2	12.8	31.6	12.7	12.7	6.8	10.7	8.0	12.2		
All-industry medians	14.3	14.3	14.4	11.1	32.0	9.3	10.9	8.5	6.4	7.6	8.0		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

FINANCIAL SERVICES



Leverage was the way to fat profits in the Eighties. The Nineties will be a different story.

By Matthew Schiffrin

TAKE A GOOD LOOK at the hundred or so regional banks and thrifts listed below. Next year the list will be considerably smaller. After years of lending abuses and hundreds of billions in losses, banks and thrifts are being subjected to tighter capital rules by the Comptroller of the Currency and the newly formed Office of Thrift Supervision. The goal: to provide a better cushion against risks. There are some 250 thrifts and at least 40 banks—not yet under government control—that are virtually insolvent and have little hope of meeting the new requirements. In most cases, they probably can't tap the equity markets, either. Result: Many of them will be merged with stronger institutions or liquidated.

Included among those in violation of new capital requirements are some of the decade's highest flyers: Columbia Savings & Loan, Goldome, Empire of America and Anchor Savings. The consolidation can only help the better-capital-

Financial services	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			**Return on capital**		**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Multinational banks													
Bankers Trust NY	15.4	14.2	def	def	52.6	8.9	7.8	16.1	14.3	13.9	P-D	7,022	–896
JP Morgan & Co	15.2	14.7	def	def	52.7	8.5	4.9	38.4	NM	NM	P-D	10,174	–1,171
Bank of Boston	13.9	13.1	7.1	6.1	43.6	12.8	13.5	27.3	13.5	13.9	–30.7	6,274	145
Citicorp	11.4	9.0	20.5	9.2	59.5	12.6	12.5	19.6	9.9	8.5	–3.1	36,297	1,869
Chase Manhattan	10.4	9.4	def	def	51.4	7.2	6.1	18.5	10.3	18.0	P-D	13,766	–565
Chemical Banking	10.4	7.8	def	def	48.4	8.8	7.4	8.9	12.0	13.5	P-D	8,123	–290
Manufacturers Hanover	8.8	6.6	def	def	55.1	9.4	2.0	10.0	7.1	12.4	P-D	8,638	–439
First Chicago	7.2	7.1	17.1	12.6	34.2	6.6	3.0	12.9	7.4	27.7	26.5	5,363	373
BankAmerica	def	def	23.1	14.2	43.8	NM	–6.9	17.7	–5.6	NM	100.5	11,478	868
Continental Bank	def	def	23.2	14.4	36.5	NM	–8.3	20.7	–19.3	NM	D-P	3,501	318
Medians	10.4	8.4	def	3.0	49.9	8.7	5.5	18.1	8.7	12.9	–30.7		
Regional banks													
First Union	20.9	22.8	15.0	13.1	29.9	26.4	19.7	14.4	13.9	13.1	–0.7	3,211	287
State Street Boston	20.3	19.9	19.1	14.2	25.7	14.8	15.5	20.3	23.7	17.5	13.6	1,036	100
CoreStates Financial	18.6	19.3	17.4	13.4	33.1	13.0	12.5	17.7	14.0	7.1	14.3	1,839	195
Bancorp Hawaii	18.2	18.3	18.6	17.8	11.1	13.5	9.4	28.7	10.4	16.0	0.5	716	75
Sovran Financial	18.2[b]	18.6	18.3	15.5	23.6	14.9[b]	16.5	17.7	13.6[b]	12.0	12.2	2,565	265

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

WHO WOULD HAVE GUESSED?

San Francisco's BankAmerica Corp. is the financial services company best positioned for the 1990s, largely because it missed most of the 1980s.

BankAmerica, with assets of $96.8 billion, has been so busy cleaning up its past problems that it has managed to steer clear of the industry's potential time bombs: highly leveraged loans to fund takeovers and leveraged buyouts.

Of the company's $73 billion in loans, only 1.6% are committed to highly leveraged transactions. That compares favorably with 15% at Bankers Trust and 8% at California competitor Wells Fargo. BankAmerica still suffers from its heavy portfolio of Third World loans, but that portfolio, at $5.6 billion after reserves, is no longer as proportionately large as it once was. Except for those Third World loans, BankAmerica now has the cleanest loan portfolio of the big banks, according to PaineWebber's well-informed analyst Thomas K. Brown.

What BankAmerica still has, in spades, is access to California's lucrative consumer banking market. It ranks third in home lending in California, up from number 21 in 1987. Moreover, BankAmerica owns Seattle's $10 billion Seafirst Corp., the largest bank in the Pacific Northwest, and is well positioned to take advantage of lending opportunities related to growth in the region and trade with the Pacific Rim.

A.W. Clausen of BankAmerica

Return on assets, at 1.05%, is above the money center bank average of 0.74%. Return on equity is around 23%, and BankAmerica's stock price has recently climbed above 27, up from 5 in late 1987.

BankAmerica Chairman A.W. (Tom) Clausen, called out of retirement, has presided over the comeback, but much of the credit rightly goes to four BankAmerica vice chairmen—Glenhall Taylor, Richard Rosenberg, Lewis Coleman and Frank Newman—all hired from Wells Fargo. At 66, Clausen will eventually cede power to one or more of the four, but which or when is not yet clear. Clausen gives little indication that he is about to resign. Says he, "That decision is up to the board, and the board is not predictable."—M.S.

Financial services	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/ capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Midlantic	18.2	17.7	18.5	16.7	22.9	26.0	14.8	25.2	10.8	12.3	22.2	2,195	247
Barnett Banks	17.8	17.6	16.5	14.5	19.2	26.8	20.4	16.7	15.8	11.8	10.1	2,934	251
SouthTrust	17.8	17.7	16.6	13.6	23.2	13.8	14.9	22.7	12.8	12.3	7.3	781	72
PNC Financial	17.7	17.9	19.0	17.1	19.5	18.4	24.0	29.1	12.3	8.5	29.9	4,511	492
Old Kent Financial	17.7	18.2	16.9	14.1	13.3	17.9	13.4	24.8	12.4	10.2	12.5	838	85
Citizens & Southern	17.1	17.6	18.0	14.6	24.3	19.8	14.3	17.2	19.8	12.7	12.5	2,380	232
Signet Banking	17.1[b]	18.0	17.4	13.7	33.2	13.2[b]	14.5	2.0	15.2[b]	NM	−18.5	1,264	119
Banc One	16.8	17.5	17.0	15.3	19.9	18.2	15.0	21.8	11.6	14.0	2.8	3,074	343
BayBanks	16.1	16.8	14.1	13.4	7.9	15.0	13.6	23.2	12.6	16.4	−5.5	1,084	80
NCNB	16.0	15.7	19.1	17.3	34.1	28.9	17.0	91.0	18.1	7.0	67.2	5,262	375
Bank of New England	16.0[a]	16.1	12.0	10.6	31.5	19.8[a]	20.9	19.1	11.4[a]	7.2	−12.8	3,649	196
First of America Bank	16.0[a]	16.0	15.5	13.6	13.5	20.3	15.4	19.8	12.8	11.1	16.8	1,022	106
Crestar Financial	15.8	14.8	15.0	13.2	19.3	14.4	12.5	15.8	9.9	3.5	22.3	1,146	99
Marshall & Ilsley	15.8	16.2	16.3	13.3	21.0	15.7	13.7	17.4	9.5	10.6	6.9	755	82
National City	15.7[c]	16.5	19.8	17.6	14.2	15.8[a]	17.3	16.9	10.6[a]	11.6	42.6	2,505	261
MNC Financial	15.6	16.9	18.3	15.1	27.4	14.9	15.9	22.2	11.5	21.1	17.0	2,308	202
South Carolina Natl	15.6	15.7	14.8	13.5	11.4	17.1	17.0	19.6	11.9	11.3	7.6	637	58
Dominion Bankshares	15.5[b]	16.1	16.2	13.9	18.8	17.7	18.2	20.0	7.9	10.6	10.7	1,024	91
AmSouth Bancorp	15.4	15.7	15.4	13.6	18.5	13.5	15.1	15.7	8.7	8.8	27.0	881	82
Bank of New York	15.1	14.7	def	1.5	26.1	13.4	13.3	119.0	8.6	NM	P-D	5,021	−1

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

ized banks on our list. Banks like BankAmerica, Southeast Banking and Citicorp are already rapidly moving in on thrifts' mortgage-lending business.

Overall, however, the banking environment will remain hostile this year. Loan demand is sluggish. Especially troubled are New England and Arizona banks as both areas reel from real estate reversals.

With the margins on traditional lending being squeezed, expect banks to continue chasing highly leveraged deals. Particularly aggressive in this area are big regionals like Bank of New York, Wells Fargo and NCNB. Money center banks like Manufacturers Hanover and Citicorp are in the front of the pack as well.

Most of the securities brokers on our list—especially large retail firms like Shearson Lehman and PaineWebber—did poorly last year. Ever since Black Monday, a lack of retail

Financial services	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/ capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Republic New York	15.0	11.8	def	3.8	68.9	17.9	15.5	27.2	NM	NM	P-D	2,505	–20
KeyCorp	15.0	15.0	14.9	12.3	30.8	26.4	30.2	22.4	9.5	7.0	37.6	1,600	135
Meridian Bancorp	14.7[b]	14.6	13.9	12.5	14.2	16.7[a]	19.1	12.0	7.8[a]	5.8	8.0	1,072	90
First Tennessee Natl	14.5	14.4	8.0	7.5	26.1	11.2	6.2	15.2	8.3	4.7	–26.7	684	30
Huntington Bcshs	14.4	14.6	16.6	14.4	18.7	16.7	9.1	20.2	7.2	12.4	34.6	1,031	95
Security Pacific	14.4	13.2	19.4	11.1	58.9	14.7	14.1	19.1	10.0	9.3	64.3	9,701	718
Society	14.2	15.3	15.4	13.9	19.1	17.2	16.7	17.3	8.7	12.7	13.5	1,103	110
INB Financial	14.1	13.3	14.9	14.0	10.9	10.8	14.0	20.9	10.0	NM	25.8	630	59
Wells Fargo	13.6	13.7	25.4	13.8	48.8	10.1	10.5	14.8	NM	NM	20.9	5,495	579
US Bancorp	13.5	13.4	15.6	12.5	34.6	12.5	15.3	19.9	5.2	10.0	35.9	1,595	147
Comerica	13.3	15.0	12.1	10.0	29.4	10.9	3.3	20.2	7.3	15.9	–29.2	1,214	77
NBD Bancorp	13.2	14.4	16.7	14.7	14.5	10.9	13.2	18.1	9.5	14.8	15.1	2,477	254
Florida Natl Banks	12.6	11.3	def	def	21.8	20.2	10.9	6.9	11.2	–8.4	P-D	796	–33
Commerce Bcshs	12.3	12.6	14.9	15.5	2.5	10.1	4.5	18.2	8.6	8.5	25.8	550	57
Manufacturers Natl	11.8	12.6	18.2	17.1	9.9	8.8	9.9	22.6	NM	NM	126.8	1,085	106
Southeast Banking	11.5	10.1	16.6	13.5	32.1	12.9	8.1	25.0	NM	NM	62.3	1,663	121
Firstar	11.5	11.3	16.9	13.8	22.7	6.8	7.9	16.4	12.3	22.4	29.6	895	83
Union Bank	10.7	11.9	18.1	13.4	19.9	9.7	8.4	154.1	NM	17.2	14.0	1,562	128
Trustcorp	10.5	8.6	def	def	20.9	23.3	26.7	5.8	NM	NM	P-D	604	–110
Riggs National	10.5	9.1	12.7	10.5	48.0	10.6	5.5	26.8	5.2	5.3	90.4	673	41
Michigan National	10.5	13.7	29.1	25.1	14.2	7.7	5.0	44.9	NM	35.4[c]	95.4	1,465	178
Valley National	10.2	7.4	def	def	35.7	11.2	6.1	7.3	3.0	NM	P-D	1,208	–118
Mercantile Bancorp	9.6	6.2	def	1.0	22.8	7.5	4.6	7.4	NM	–8.9	P-D	721	–2
Ameritrust	9.5	9.0	15.8	13.6	27.1	8.6	12.9	15.8	6.2	12.1	37.8	1,176	114
Norwest	9.0	8.5	19.6	10.9	66.9	9.8	NM	17.1	NM	15.1	14.6	2,810	232
Northern Trust	8.4	8.8	23.8	19.7	27.6	7.1	6.6	27.9	8.6	42.3	356.5	1,204	123
First Security	8.2	6.6	10.6	8.6	24.2	5.6	–1.7	16.7	–8.5	NM	33.7	589	40
United Banks of Colo	7.9	4.6	3.2	4.0	12.8	11.1	6.5	11.0	–8.5	–29.6	–25.0	618	15
First Interstate Bncp	6.1	0.8	14.0	9.1	60.1	9.3	4.7	15.8	NM	–17.6	D-P	6,526	291
First Bank System	5.4	def	def	def	54.5	10.6	NM	–12.8	NM	NM	P-D	2,080	–318
Premier Bancorp	1.8[a]	def	def	def	24.8	11.1[a]	8.2	4.6	NM	NM	D-D	415	–114
First Pennsylvania	def	5.0	18.2	14.7	21.9	–4.4	1.1	26.4	NM	NM	–29.8	726	64
Mellon Bank	def	def	14.8	12.1	52.1	14.0	4.4	12.4	NM	NM	D-P	3,574	223
Boatmen's Bancshares	NA	9.3[c]	8.1	7.9	17.9	NA	7.5	5.9	NA	NM	–20.3	1,450	84
First American Corp	NA	11.7	4.0	4.1	3.9	17.0	14.2	11.6	6.0	NM	–58.0	747	18
First Fidelity Bncp	NA	8.3	def	1.8	32.7	NA	12.2	9.1	NA	–33.9	P-D	2,969	†
First Wachovia	NA	17.5[c]	16.7	15.8	9.2	10.1[b]	7.0	20.9	14.6[b]	8.6	13.2	2,356	262
Fleet/Norstar Finl	NA	16.9	18.5	12.8	41.5	NA	18.8	20.0	NA	9.5	44.1	3,494	367
Shawmut National	NA	15.3	15.8	12.6	28.6	NA	16.4	10.4	NA	8.8	17.0	2,978	264
SunTrust Banks	NA	17.6	17.6	15.3	19.1	NA	10.5	15.6	NA	12.5	10.3	3,225	332
UJB Financial	NA	16.6	15.9	14.5	9.1	NA	12.4	22.8	NA	12.7	5.9	1,184	123
Medians	14.5	14.7	15.9	13.5	22.9	13.6	13.2	18.2	8.7	8.8	13.3		
Thrift institutions													
Columbia S&L Assn	28.4[a]	18.7	def	def	51.7	48.7[a]	32.8	13.5	NM	NM	P-D	1,367	–196
Golden West Finl	27.2	28.9	17.1	12.5	51.0	18.1	7.9	37.0	19.9	15.0	15.6	1,625	154
Homestead Financial	21.9	13.9	def	5.0	73.4	36.6	27.0	–9.3	NM	NM	D-D	430	–22
Enstar Group	18.2	14.2	def	def	62.2	39.4	48.2	1.5	26.3	14.6	P-D	790	–171
HF Ahmanson	12.1	15.5	10.3	8.2	29.3	12.8	6.6	27.7	6.5	19.7	7.1	4,154	196
Gt Western Financial	11.8	15.6	11.9	9.3	70.0	18.9	7.1	92.1	5.5	18.9	17.2	3,720	237
CityFed Financial	9.9	4.2	def	def	76.9	26.7	7.0	–12.6	NM	NM	D-D	906	–259
Imperial Corp of Am	4.6	12.1	def	def	89.4	15.2	13.1	–5.3	NM	NM	P-D	1,059	–164
American Capital	NA	2.5	def	3.6	84.8	NA	40.0[c]	6.9	NA	NM	D-D	647	–20
AmeriFirst Bank	NA	NA	def	def	62.6	NA	–3.1	6.8	NA	NA	P-D	443	–81
Anchor Savings Bank	NA	NA	def	def	24.4	NA	15.8	14.5	NA	NA	D-D	806	–28

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. †Less than $500,000. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

activity has severely reduced transaction volume, which is crucial to brokerage profits.

During the wonderful bull market of the mid-1980s, brokers loaded up with technology, capital and people. Now, according to Perrin Long at Lipper Analytical Securities, most brokers are operating with 50% excess capacity. No wonder nearly 20,000 brokerage employees have lost their jobs since the end of 1987 and some 35,000 more are expected to go in the early 1990s.

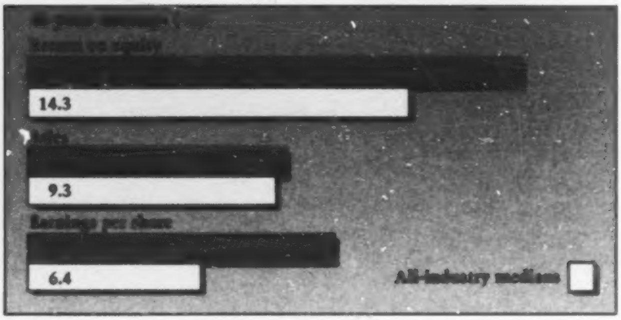
Trouble tends to compound itself. Excess capital among brokers is now being put to use in highly leveraged takeovers and in merchant banking. It can be an extremely profitable area, but it is risky. Among brokerages, managements' use of excess capital will bear careful watching in the 1990s. ■

Financial services	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Atlantic Financial	NA	4.6	def	def	81.5	NA	25.6	–3.4	NA	NM	P-D	740	–81
Benj Franklin S&L	NA	NA	5.8	6.1	38.7	NA	4.2	9.0	NA	NA	–27.7	560	10
CalFed	NA	13.3	5.5	5.7	22.2	21.9	10.8	11.5	12.6	13.5	–48.6	3,074	76
CenTrust Savings Bank	NA	12.0	def	4.7	76.2	25.2[b]	27.7	13.0	NA	NM	P-D	1,043	–38
Coast Savings Finl	NA	12.5[d]	def	def	37.8	18.5[b]	16.2	12.9	NA	80.3[d]	P-D	1,232	–67
Commercial Federal	NA	9.8[d]	3.7	6.8	32.4	NA	22.5	8.8	NA	NM	233.3	646	5
CrossLand Savings FSB	NA	13.1[d]	def	def	28.8	18.4[b]	12.0	13.1	NA	NM	P-D	1,479	–139
Dime Savings Bank FSB	NA	NA	2.3	3.4	46.9	10.1[b]	11.0	14.1	NA	NA	–67.0	1,151	17
Empire of America	NA	NA	def	def	52.3	NA	7.0	11.5	NA	NM	D-D	1,156	–227
Fin Cp Santa Barbara	NA	21.3	def	3.9	99.1	15.1	16.2	–6.1	NM	NM	P-D	460	–30
FirstFed Michigan	NA	16.9	1.3	5.0	64.7	20.0[a]	7.5	3.5	NA	NM	–72.4	1,151	5
Florida Federal	NA	def	def	def	88.8	14.3[a]	5.6	–1.5	NA	NM	D-D	452	–72
GlenFed	NA	13.9[c]	9.4	7.5	57.8	23.1[a]	18.3	8.2	NA	58.0[c]	–28.3	2,674	104
Goldome	NA	NA	def	def	0.6	NA	5.3	–6.4	NA	NA	D-D	1,330	–335
Great American Bank	NA	12.6	def	def	39.9	24.2[a]	23.1	11.0	NA	28.9	P-D	1,678	–38
HomeFed	NA	12.7	11.8	8.0	36.0	17.9	14.4	23.8	13.1	22.1	6.6	1,846	115
Meritor Savings Bank	NA	def	def	def	66.9	16.0[a]	7.9	–14.4	NA	NM	D-D	1,433	–145
Northeast Savings FA	NA	0.0	def	2.3	46.6	NA	15.7	4.1	NA	NM	D-D	721	–5
People's Bank	NA	NA	0.0	8.2	0.0	NA	8.3	22.0	NA	NA	NA	680	37
Standard Fedl Bank	NA	NA	11.9	12.0	0.7	NA	14.5	13.0	NA	NA	–15.9	958	49
Talman Home Federal	NA	NA	6.8	7.4	0.0	NA	–5.2	5.2	NA	NA	–14.3	568	22
TCF Financial	NA	NA	7.1	7.0	1.5	NA	7.0	–4.1	NA	NM	D-P	555	12
Washington Mutual	NA	15.6	8.4	7.1	54.3	NA	12.3	13.4	NA	14.1[d]	–15.9	647	29
Medians	**15.2**	**12.9**	**def**	**3.8**	**51.3**	**18.7**	**12.1**	**8.9**	**5.5**	**NM**	**P-D**		
Brokerage & commodity													
AG Edwards	20.0	16.5	17.5	17.6	0.0	17.0	11.9	15.3	8.1	6.0	93.2	560	53
Salomon	16.7	10.5	10.1	8.8	71.7	–8.8	14.7	46.6	NM	–14.0	58.9	8,303	364
Merrill Lynch	14.9	13.8	12.1	8.4	63.5	20.6	14.9	23.7	9.6	20.8	149.4	11,387	424
PaineWebber Group	11.9	7.7	2.5	4.7	28.7	20.1	12.2	19.6	NM	–14.9	–29.0	2,820	42
Commercial Metals	10.6	11.0	16.6	14.6	23.0	NM	NM	14.7	4.0	18.7	15.1	1,295	28
Balfour Maclaine	3.7	NA	6.3	7.8	60.7	3.0	14.9	23.1	NM	NM	D-P	1,323	2
Bear Stearns Cos	NA	NA	17.9	13.7	26.5	NA	24.2	29.6	NA	16.2[d]	34.0	2,466	174
Morgan Stanley	NA	37.4[d]	27.0	18.0	26.3	NA	35.8	47.3	NA	38.4[d]	25.3	5,400	403
Charles Schwab	NA	NA	7.7	7.1	44.9	NA	31.2	22.1	NA	NA	NA	506	13
Shearson Lehman	NA	12.3	4.4	5.8	77.2	NA	42.6	33.1	NA	–14.5	D-P	12,514	91
Medians	**13.4**	**12.3**	**11.1**	**8.6**	**36.8**	**10.0**	**14.9**	**23.4**	**NM**	**6.0**	**58.9**		
Lease & finance													
Student Loan	37.1	36.8	37.7	5.6	95.7	28.9	17.4	49.6	41.5	30.6	20.7	3,113	249
H&R Block	24.2	24.3	24.1	23.7	1.1	17.1	20.2	15.5	10.7	14.8	12.4	920	101
Equifax	23.9	25.4	17.7	14.5	24.7	9.1	9.7	13.8	12.2	14.1	6.5	819	40
Household Intl	16.6	19.6	19.9	8.3	84.1	–9.0	–24.6	120.0	8.6	13.1	2.7	3,250	240
Lomas Financial	15.1	9.6	def	def	88.0	28.8	41.1	–47.1	NM	NM	D-D	575	–345
Landmark Land	8.1	4.2	def	def	80.6	35.0	18.2	54.5	20.2	NM	D-D	553	†
GATX	7.0	11.7	20.9	6.2	69.0	–5.9	–10.0	18.3	–4.1	NM	23.3	657	60
Beneficial Corp	6.0	7.3	13.8	7.6	80.6	–6.0	–6.4	24.3	1.5	5.7	–7.0	1,590	111
American Express	NA	19.3	23.1	9.9	71.7	30.7[b]	26.1	16.2	NA	10.4	59.4	24,986	1,131
Federal Natl Mortgage	NA	18.6	30.1	6.8	96.3	12.2	4.8	6.0	NA	NM	25.5	11,258	723
Primerica	NA	9.8	17.2	8.9	56.6	NA	–2.1	358.4	NA	NM	56.1	4,342	261
Medians	**15.9**	**18.6**	**19.9**	**7.6**	**80.6**	**14.7**	**9.7**	**18.3**	**9.6**	**5.7**	**12.4**		
Industry medians	**14.3**	**13.7**	**13.9**	**9.1**	**31.5**	**14.3**	**12.5**	**16.9**	**8.6**	**8.5**	**7.1**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P; Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. †Less than $500,000. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

FOOD, DRINK & TOBACCO



Despite negative publicity and changed consumer tastes, profits roll in.

By Edward Giltenan

ONCE AGAIN, IN 1989, beverage and tobacco companies were on the defensive. The government made warning labels mandatory on all alcoholic beverages last year. Congress banned smoking on domestic flights. Beer and tobacco consumption declined again, while soft drink volume was up only slightly.

Things were considerably brighter on the bottom line. In the 12 months ended Sept. 30, the beverage and tobacco companies on our list reported returns on equity of about 24%, ten percentage points better than the average for American companies overall. The secret? Powerful brand names and steady cash flow.

The survivors in these industries—after the restructurings

Food, drink & tobacco	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Food processors													
Kellogg	38.9	43.7	31.6	24.0	20.8	9.0	13.0	10.3	14.5	20.6	1.6	4,656	465
Ralston Purina	33.6	43.0	40.3	19.0	50.4	3.2	4.0	13.3	20.6	23.6	14.4	6,658	423
Tyson Foods	27.8	32.7	29.0	15.9	26.2	22.2	28.3	31.1	25.4	47.0	22.0	2,538	101
HJ Heinz	23.2	24.9	26.3	19.3	25.2	8.0	6.6	9.2	14.6	13.9	14.2	5,873	457
Smithfield Foods	22.9[a]	29.1	10.8	9.2	35.7	24.2[a]	14.0	–4.5	18.5[a]	56.5	–65.2	776	6
Dean Foods	22.4	20.9	21.9	17.8	20.8	13.4	14.1	9.9	17.3	7.5	38.3	1,729	61
ConAgra	21.9	21.7	23.2	16.2	34.8	36.4	33.5	28.3	16.1	20.7	25.4	12,580	210
Lance	21.4	20.8	20.3	18.3	0.0	7.7	5.2	11.1	10.6	7.5	1.6	434	40
Wm Wrigley Jr	20.9	24.4	34.2	33.1	1.2	5.5	9.2	10.6	11.8	21.0	23.7	966	104
CPC International	20.9	24.7	27.0	18.1	28.0	3.1	3.5	8.6	6.5	24.3	14.8	4,981	320
Savannah Foods	20.5	14.6	29.1	19.7	27.9	11.2	13.2	18.9	NM	–6.0	186.8	1,059	39
Quaker Oats	20.3	22.8	16.2	11.1	22.5	10.6	13.5	4.4	14.0	32.6	–17.2	5,735	214
Hershey Foods	20.2	21.1	16.2	13.1	15.1	9.9	6.0	11.6	13.8	16.1	–21.6	2,412	163
Sara Lee	20.0	20.9	21.2	14.7	28.8	9.6	9.2	8.7	12.8	14.1	22.4	11,716	429
Flowers Industries	20.0	20.3	13.1	9.8	29.9	11.3	7.9	8.6	13.5	14.0	–34.9	805	27
Pioneer Hi-Bred Intl	17.5	14.6	17.0	15.6	2.4	12.6	9.9	–0.9	6.6	NM	59.3	867	98
Curtice Burns Foods	17.4	16.7	16.9	8.8	66.9	9.9	4.5	21.1	9.8	6.7	1.9	853	15
Borden	15.8	17.3	def	0.2	45.5	5.0	11.4	7.9	11.3	14.5	P-D	7,624	–67
Campbell Soup	15.4	15.4	1.4	2.5	23.2	9.3	7.9	16.7	8.4	8.2	–89.6	5,863	27
McCormick & Co	14.9	12.9	45.4	29.6	37.4	10.8	10.1	6.5	7.4	–4.7	303.4	1,234	132
Universal Foods	14.8	14.3	22.3	16.0	32.3	9.1	10.0	16.4	6.5	8.8	43.4	837	40
Gerber Products	14.7	14.5	28.3	20.4	27.4	7.2	4.1	10.2	NM	NM	108.1	1,106	94
Seaboard	14.1	13.8	15.5	9.9	20.6	NM	39.5	36.2	7.9	24.0	55.4	524	27
Geo A Hormel	13.5	14.1	16.7	15.8	3.8	5.9	12.3	2.1	8.0	16.1	16.6	2,341	70
Intl Multifoods	13.0	12.2	9.8	8.2	29.3	6.3	11.7	10.2	2.6	NM	–5.4	1,985	30

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

of the 1980s—are companies built on big brands and the means to support them with heavy advertising. In the beer business, consolidation continued when the nation's fourth-largest brewer, Adolph Coors, agreed to pay $425 million to acquire Stroh, the number three player, pending approval from the federal government.

Anheuser-Busch surprised everyone by announcing a competitive price strategy that is sure to squeeze margins. The goal, of course, is to maintain market share as volume in the beer business continues to fall. Future growth depends on how shrewd the big companies are in developing niche products, like dry beer, which so far has proved a moderate success, with 1% of the total beer market, says Wheat First Securities analyst John Maxwell.

Coca-Cola and PepsiCo at last declared a cease-fire in their two-year pricing war. In 1989 the two soda giants raised prices 3%. But volume in the U.S. is up only 2%. The best opportunities for growth lie abroad, where volume is expanding at more than 10% a year. Coke, the most recognized logo in the world, already gets more than three-quarters of its earnings outside the U.S., versus 15% for PepsiCo. Overall, volume is expected to be stagnant next year as Pepsi and Coke struggle to keep prices up.

Cigarette makers will continue to use the cash flow from tobacco to develop other businesses, shielding themselves from the steady decline in smokers. Here, too, the only growth potential seems to be outside the U.S.

The food industry stands on more solid ground. Food is not

THE SYSCO BID

As long as Americans go to school, dine out, travel, get arrested, get sick and grow old, Sysco Corp. can count on doing a healthy business. Based in Houston, Sysco is the nation's largest distributor of food and related items to restaurants, fast-food chains, hospitals, nursing homes, schools, hotels and prisons. The company's trucks make deliveries in every state in the continental U.S., plus western Canada. With its 1988 acquisition of CFS Continental from Tate & Lyle Plc., Sysco increased its sales to $7 billion, twice that of its nearest competitor. Yet its debt-to-capital ratio, at 47%, remains on par with the food service industry average.

Over the past ten years, Sysco has bought about 40 regional distributors, many of them mom-and-pop outfits struggling to compete in this low-margin business. The resulting economies of scale, coupled with the traditional strength of the food service business in good times and bad, have helped Sysco return an impressive average 18% a year on equity since 1979.

The future looks just as bright. Chairman John Woodhouse, 59, plans to acquire more of the country's 3,500 independent distributors. Even if the eat-out craze falters, Sysco feels its strong position in institutional food service should enable it to improve its 4% operating margins. C.J. Lawrence analyst James Murren says that Sysco is already the nation's most efficient outfit.

From 60 warehouses around the country, the company can deliver every order within 24 hours. Fruit and vegetables, increasingly in demand from a more health-conscious society, are kept fresh for as long as a month in oxygen-free containers. During the drought in 1988, Sysco turned to its vast network of foreign suppliers—from 30 countries in all—for fresh produce.

Now the company is responding to the take-home craze by increasing service to deli departments of supermarkets and take-out windows at fast-food outlets. When a company as big as Sysco is that fleet of foot, you have to like its long-term prospects.—E.G.

Dan Ford Connolly

Supreme
Chocolate

Sysco Corp.'s John Woodhouse

a luxury item and, in most cases, is not harmful to one's health. The big players have been able to respond quickly to changes in consumer tastes, offering salad bars and healthier foods. Supermarket suppliers such as Fleming, Super Valu and Wetterau plan to continue growing by acquiring smaller wholesalers. The same holds true for Sysco, Rykoff-Sexton and Kraft Foodservice, which distribute to away-from-home food outlets such as nursing homes and restaurants. "Look for food companies to get into prepared foods as Americans continue to favor take-home meals," says food industry analyst Philip Lempert.

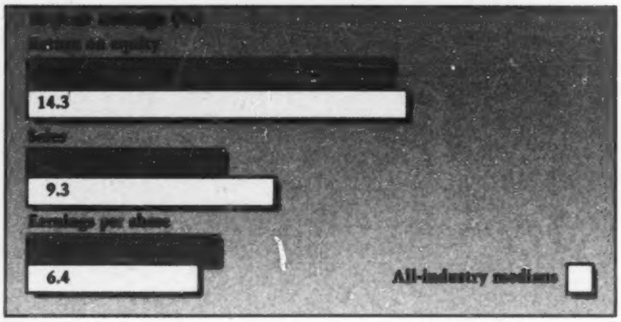
Last year food processors and distributors handily outperformed American industry in earnings growth. The 1990s should be no different. ■

Food, drink & tobacco	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			**Return on capital latest 12 mos %**	**Debt/ capital %**	**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**			**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Archer Daniels	12.9	12.9	15.6	12.8	16.4	12.5	8.7	8.7	11.5	24.9	25.1	7,811	451
United Brands	9.2	13.7	18.6	10.9	48.3	NM	0.9	9.1	9.7	14.4	24.2	3,755	77
American Maize	5.5	4.7	2.9	6.6	30.8	4.7	8.6	12.3	–7.3	NM	–53.8	604	4
Thorn Apple Valley	4.0	2.2	8.7	9.0	38.9	4.2	–3.1	3.0	NM	NM	–5.6	609	3
Castle & Cooke	NA	16.6[d]	11.9	7.5	29.5	NA	8.6[c]	13.0	NA	63.1[d]	–29.7	2,607	90
General Mills	NA	34.3[d]	45.0	22.3	26.3	NA	5.7	11.7	NA	13.3	16.6	5,785	310
Hudson Foods	NA	39.3	26.9	13.7	33.4	NA	22.5	13.0	NA	NM	466.7	620	23
IBP	NA	NA	9.1	7.6	46.2	NA	7.3	7.0	NA	NA	–21.0	9,263	44
Pilgrim's Pride	NA	35.8	29.8	14.0	54.5	NA	14.4	30.5	NA	NM	D-P	661	20
Whitman	NA	NA	21.4	11.4	52.8	NA	15.5[c]	17.4	NA	31.5[c]	–7.7	3,956	215
Medians	**20.0**	**20.3**	**20.3**	**14.0**	**28.0**	**9.1**	**9.2**	**10.3**	**10.6**	**14.0**	**14.8**		
Food distributors													
Marriott	23.3	24.4	32.5	7.9	69.7	19.8	20.4	11.9	20.0	18.1	13.4	7,969	241
Super Valu Stores	21.6	19.4	17.8	12.3	39.5	13.3	12.0	10.1	11.8	8.5	12.8	10,794	139
Sysco	17.9	16.9	16.4	14.7	47.5	17.8	17.3	46.4	16.1	12.1	5.9	7,171	113
Wetterau	16.3	17.7	17.9	11.5	48.6	16.5	12.1	12.0	11.5	10.6	12.4	5,138	45
Super Food Services	15.7	16.7	16.6	12.5	39.7	7.9	5.2	7.5	19.5	16.8	9.4	1,692	16
Fleming Cos	14.2	11.8	12.1	7.8	55.0	17.3	16.1	30.7	6.6	–3.7	50.0	12,328	80
Nash Finch	13.4	13.4	8.1	7.7	32.4	9.6	13.9	7.7	6.6	10.6	–42.6	2,203	12
Rykoff-Sexton	12.2[a]	11.9	10.2	9.3	36.6	21.0[a]	26.2	12.8	7.5[a]	7.7	7.2	1,331	20
Di Giorgio	5.2	5.2	11.2	10.7	45.5	1.5	NM	12.3	NM	NM	17.0	1,132	9
Pinevest Foods	NA	NA	def	def	70.9	NA	NA	10.5	NA	NA	P-D	687	–11
Imperial Holly	NA	11.2	29.8	15.8	37.2	NA	12.3	41.5	NA	22.2	500+	694	27
Richfood Holding	NA	NA	def	def	34.3	8.4	6.7	0.2	NA	NA	NA	1,181	–4
TW Services	NA	12.0	6.0	6.3	63.1	NA	26.0	6.6	NA	NM	–53.4	3,733	30
Medians	**15.7**	**13.4**	**12.1**	**9.3**	**45.5**	**14.9**	**13.1**	**11.9**	**11.5**	**10.6**	**10.9**		
Beverages													
Coca-Cola	26.5	29.3	39.4	28.7	15.9	6.5	3.5	5.3	10.9	16.1	24.3	8,744	1,202
PepsiCo	23.7	27.4	27.9	18.2	57.6	9.9	11.6	19.1	12.6	27.5	22.6	14,636	887
Anheuser-Busch Cos	21.5	22.6	24.4	13.9	30.3	15.0	8.3	5.5	18.5	17.9	12.2	9,359	765
Brown-Forman	19.5	17.8	30.5	20.9	14.4	15.6	10.9	–5.5	12.8	7.5	53.7	994	151
Seagram	12.6	12.5	13.3	10.2	27.3	7.5	15.8	32.3	13.6	11.4	8.0	4,311	656
Adolph Coors	6.2	5.2	3.3	2.8	0.0	8.4	6.3	15.4	–2.5	–8.9	–27.3	1,686	35
Coca-Cola Enterprises	NA	NA	6.7	6.3	47.4	NA	45.5	2.9	NA	25.0	8.2	3,865	124
Medians	**20.5**	**20.2**	**24.4**	**13.9**	**27.3**	**9.2**	**10.9**	**5.5**	**12.7**	**16.1**	**12.2**		
Tobacco													
UST Inc	32.4	34.6	38.6	35.4	2.4	11.9	9.4	7.3	18.3	17.7	16.9	649	185
Philip Morris Cos	28.4	30.8	31.6	11.2	62.3	17.2	25.6	46.1	17.8	22.1	11.9	36,370	2,425
Loews	24.3	25.6	24.4	19.2	20.1	11.7	18.5	8.6	20.2	24.4	6.4	11,025	980
American Brands	19.7	19.5	23.1	13.9	37.1	6.4	10.3	–3.9	6.7	10.1	3.7	7,288	587
Universal	18.9	18.8	14.5	12.1	16.5	8.1	19.5	13.4	11.2	11.5	–23.3	2,910	47
Dibrell Brothers	17.2	15.8	23.4	13.9	51.6	3.3	4.5	26.5	20.1	9.3	43.1	715	16
Culbro	15.2	13.0	def	0.5	43.3	12.4	4.5	12.4	NM	NM	P-D	947	–3
Std Commercial	11.9	8.6	def	def	21.6	10.8	17.0	17.2	NM	–22.8	P-D	957	–6
Medians	**19.3**	**19.2**	**23.2**	**13.8**	**29.3**	**11.2**	**13.6**	**12.9**	**14.5**	**10.8**	**5.1**		
Industry medians	**18.4**	**17.5**	**17.8**	**12.8**	**32.3**	**9.6**	**10.6**	**10.6**	**11.4**	**12.7**	**12.3**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

FOREST PRODUCTS & PACKAGING



In a mild industry downturn, paper firms cope with merger talk and conservationists.

By Paul Klebnikov

MAKING THINGS TOUGHER for the forest products industry, currently entering a cyclical downturn, is the spotted owl. The feathered creature could still make its way onto the endangered species list, and that would put some 2.6 million acres of virgin northwestern National Forest off limits to U.S. timber companies. Other species in other parts of the country with some level of official protection include the red-cockaded woodpecker, the Red Hills salamander and the gopher tortoise.

Taken together, protection for these animals could cost the forest products industry billions of dollars in higher raw materials costs and lost business. While many firms that are net buyers of timber will suffer, those companies with major timberland holdings of their own, such as International Paper, Westvaco and Champion International, stand to benefit.

Interestingly, another environmental problem—waste disposal—could actually help the paper industry. So far 26 states have comprehensive recycling laws, often including the collection of wastepaper, and that could open a huge "urban forest" for packagers and papermakers. But because few companies have yet to set up de-inking facilities and convert their machinery for recycling, the advantages of using cheap waste-

PAPER'S TIGER

In the 1980s International Paper transformed itself from a plodding behemoth into one of the most aggressive forest products companies in the world. Much of the credit goes to John Georges, the lanky chairman and chief executive who joined the company from Du Pont in 1979. Georges, now 58, has presided over the investment of some $7 billion to modernize the company's rusting technological base. International Paper has moved from a high-cost to a low-cost producer in its major product lines. Now he can play. Last year's anticipated $11 billion in revenues are double 1986 levels, while earnings have tripled, to an estimated $850 million.

Even with the industry in a downturn this year, the company's capital expenditures will continue to escalate, hitting a projected $1 billion. With debt under 30% of capitalization, International Paper can afford to spend. Says Georges confidently, "We still have lots of financial flexibility."

Over the years Georges has used the company's enormous resources cleverly. The U.S. operations are diversified but interrelated. Besides its various paper and paperboard operations, the company has 6.5 million acres of timberland, a small oil and gas subsidiary, an extensive paper distribution network, and even a chemical subsidiary to process paper mill by-products. To minimize the cyclicality of earnings, International Paper has expanded into higher-value-added specialty products. That means less lumber and more paneling, less pulp and more photocopier paper.

But perhaps Georges' smartest moves have been overseas. International Paper has acquired paper and chemical companies in Sweden, Germany, Great Britain and France for $700 million. These give the company a strong position in Europe and some protection from industry cycles in the U.S. International Paper's exports from the U.S. ($1.2 billion last year) together with the revenues of all foreign subsidiaries may account for 30% of the company's sales by 1992.

"Expanding overseas permits us to grow without forcing growth here in the U.S.," says Georges. "We have to compete globally. The technology is global, many of the markets are global, and we have to have the flexibility to pursue all good opportunities."—P.K.

Nina Barnett

International Paper's John Georges

paper are accruing only to established users such as Sonoco Products, P.H. Glatfelter and now privately held Jefferson Smurfit.

Until last year the paper and lumber companies remained a chummy bunch, largely avoiding the sometimes hostile takeover wave that swept U.S. industry in the 1980s. But all that changed in October with Georgia-Pacific's $3.8 billion hostile bid for Great Northern Nekoosa. Timber and paper stocks are generally selling at about seven times earnings, meaning it is far cheaper to buy capacity than to build it. Look for the better-capitalized players in this overcrowded industry to turn increasingly predatory.

As for the current cyclical downturn, it hasn't been bad—so far. Average prices for paper and paperboard peaked last year at levels about 7% higher than the 1988 average. Shipments are stable and may even inch up this year. But with papermaking capacity growing faster, prices are expected to decline about 8% this year. Most vulnerable to overcapacity are newsprint, wood pulp (the raw material for paper and paperboard) and possibly containerboard. By contrast, prices for bleached products and boxboard look strong.

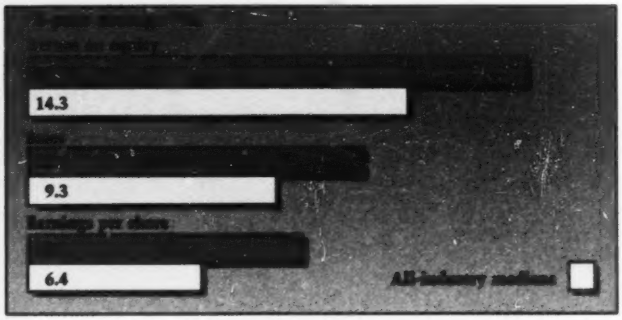
In the packaging industry, last year was a good one for most companies. Reason: Prices have stabilized or declined for raw materials such as aluminum, wastepaper and plastic. With some recent strength in polyethylene prices, however, packagers using plastics may report lower earnings this year. ■

Forest products & packaging	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Paper & lumber													
PH Glatfelter	21.9	24.2	27.9	22.5	7.2	10.1	15.1	8.5	17.2	22.7	27.0	600	94
Consolidated Papers	20.1	21.3	22.4	18.6	0.0	7.4	7.0	6.3	11.1	18.4	10.2	932	160
James River Corp Va	17.8	14.1	10.9	7.7	40.2	39.1	24.5	10.0	14.5	2.5	12.5	6,024	257
Pentair	17.3	15.9	14.4	8.2	46.5	20.3	18.7	37.7	6.5	11.0	–15.7	1,100	38
Federal Paper Board	17.0	20.1	35.0	19.2	34.0	11.7	15.3	18.0	14.0	40.1	88.0	1,258	205
Bowater	17.0[a]	16.9	18.3	11.9	27.3	7.6[a]	12.1	4.1	NM	12.9	6.9	1,450	158
Willamette Inds	16.3	21.0	24.0	15.7	28.9	6.9	9.2	12.8	9.2	40.6	11.6	1,862	179
Gt Northern Nekoosa	14.6	17.3	22.9	13.0	37.8	11.3	15.9	14.1	7.7	28.2	12.8	3,905	355
Union Camp	14.2	15.0	20.3	12.5	24.5	6.9	8.4	7.2	4.0	15.2	17.1	2,771	316
Pope & Talbot	13.5	18.2	26.1	17.5	22.7	11.0	11.3	27.8	NM	69.8[d]	41.3	613	42
Mead	13.5	17.7	14.1	9.7	31.1	5.3	14.2	2.1	NM	37.1	–33.0	4,578	228
Westvaco	13.1	14.0	16.9	11.6	29.5	5.7	6.1	7.0	7.2	18.2	11.3	2,284	223
Chesapeake	12.3	14.0	18.7	11.3	41.4	14.8	22.2	12.0	7.4	30.6	2.4	784	53
Georgia-Pacific	11.4	14.9	24.9	12.6	42.3	7.1	8.2	12.3	NM	44.7	54.7	10,300	633
Potlatch	11.4	14.3	18.3	11.5	28.0	3.0	2.6	13.9	NM	33.6	22.7	1,197	130
Weyerhaeuser	9.9	11.8	15.7	9.2	47.8	8.6[a]	11.7	10.1	NM	25.7	15.0	10,598	624
Boise Cascade	9.5	12.2	17.3	12.4	32.6	4.4	2.5	6.7	NM	39.2	10.6	4,307	293
Champion Intl	8.6	11.4	13.5	9.6	33.4	4.0	NM	4.8	NM	48.8[d]	7.7	5,211	449
Albany International	NA	25.5	23.0	14.7	39.7	NA	14.5	10.5	NA	47.9[c]	14.0	495	41
Louisiana-Pacific	NA	12.5[c]	14.7	11.8	21.1	NA	16.8[c]	10.4	NA	49.7[c]	27.0	1,952	171
Medians	13.9	15.5	18.5	12.1	31.9	7.5	11.9	10.3	5.3	32.1	12.6		
Packaging													
Sonoco Products	19.2	20.8	22.8	14.9	30.1	15.2	19.3	5.2	12.9	20.2	23.6	1,655	103
Stone Container	19.1	26.4	31.0	25.2	70.0	31.7	41.2	32.4	24.0	NM	13.1	4,861	330
Longview Fibre	17.4	24.2	21.4	15.0	27.1	7.4	10.1	10.9	14.4	41.8	–18.0	697	76
Ball Corp	15.6	14.5	5.6	4.5	23.7	7.8	2.3	8.9	8.4	NM	–58.8	1,149	25
Bemis	13.6	15.4	18.0	13.1	24.7	4.5	8.1	3.7	10.3	26.7	23.0	1,078	45
Crown Cork & Seal	13.4	14.6	14.7	12.5	2.4	2.9	7.4	3.0	8.8	21.3	7.5	1,870	94
Constar Intl	11.7	13.7	21.7	13.7	35.6	2.5	NM	3.7	2.1	8.5	120.9	554	19
International Paper	9.8	11.3	18.8	12.6	26.0	6.1	17.4	22.0	NM	34.3	30.8	10,933	873
Kerr Glass Mfg	def	def	def	5.2	61.3	–4.6	–4.8	4.1	NM	NM	D-D	282	†
Gaylord Container	NA	NA	26.8	11.1	69.3	NA	NA	11.1	NA	NA	–19.0	746	39
Temple-Inland	NA	15.4	19.1	12.9	22.9	8.6[a]	12.8	3.1	NA	27.2	14.6	2,118	210
Medians	13.6	15.0	19.1	12.9	27.1	6.7	9.1	5.2	8.8	20.7	13.1		
Industry medians	13.6	15.2	18.8	12.5	30.1	7.4	11.5	10.0	7.2	27.0	12.8		
All-industry medians	14.3	14.3	14.4	11.1	32.0	9.3	10.9	8.5	6.4	7.6	8.0		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. †Less than $500,000. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

HEALTH



With costs sky-high for developing new drugs, mergers proliferate.

By Michael Fritz

DRUG COMPANIES saw their profits rise 18% last year on the strength of price increases of about 8% and growing sales of heart disease drugs. Some 40% of the U.S. drug industry's revenues came from overseas last year, and that percentage might have been even higher had it not been for the strong dollar.

To cope with the rising costs of bringing new drugs to market, more companies initiated mergers, joint ventures and marketing agreements last year. Thus, SmithKline Beckman, facing falling sales for its two most profitable drugs, Tagamet and Dyazide, merged with research-rich Beecham Group. Similarly, Marion Laboratories agreed to wrap itself into Dow Chemical's Merrill Dow subsidiary, and Bristol-Myers teamed up with Squibb to form a pharmaceutical powerhouse second only to Merck.

Investors, meanwhile, inched back toward the fledgling biotechnology industry, helping companies raise about $600

Health	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			**Return on capital**		**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos %**	**Debt/capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Drugs													
American Home Prods	35.0	35.5	33.7	32.9	2.7	5.1	2.9	5.8	10.9	9.6	10.0	5,729	1,005
Syntex	31.2	36.4	47.9	38.1	27.2	11.3	7.6	5.7	19.8	20.9	4.1	1,390	312
Merck	30.8	37.8	50.3	38.3	2.5	9.8	12.8	9.0	13.5	25.0	26.4	6,324	1,435
Abbott Laboratories	30.4	33.3	33.8	26.3	7.3	12.3	11.4	7.5	18.1	18.5	16.4	5,231	829
Marion Laboratories	30.0	39.1	15.1	16.1	0.0	21.7	34.3	22.0	33.6	57.7	–54.3	960	79
Cardinal Distribution	24.1	17.8	13.5	11.1	7.1	20.8	22.4	31.6	31.9	23.8	–26.0	795	10
Eli Lilly	23.1	23.5	26.1	23.6	6.3	7.0	6.1	12.8	10.1	11.0	21.8	4,434	890
Rorer Group	21.8[a]	21.6	15.1	9.6	49.9	15.4[a]	20.6	10.6	8.0[a]	11.0	18.2	1,104	69
Pfizer	20.4	20.7	16.8	15.5	4.3	7.7	7.9	4.8	13.6	11.1	–6.8	5,546	736
Warner-Lambert	19.9	27.0	39.9	28.2	20.1	1.3	4.1	8.6	9.3	NM	22.0	4,150	398
Upjohn	19.0	19.9	20.5	17.1	10.4	6.3	6.4	8.7	8.5	17.7	9.2	2,926	374
Schering-Plough	18.5	20.7	27.0	23.3	8.9	8.2	11.4	7.9	4.3	14.5	21.4	3,121	453
Bergen Brunswig	15.9	14.3	19.3	12.2	15.8	24.9	21.0	12.5	13.6	7.0	22.2	3,923	48
Bindley Western Inds	14.9[a]	9.6	8.1	6.8	52.8	18.2[a]	21.7	21.6	8.3[a]	–6.8	118.5	1,474	4
McKesson	12.9	12.4	13.1	11.6	34.1	8.3	11.4	2.3	NM	5.4	12.1	7,351	107
Durr-Fillauer	12.9	12.1	18.7	14.6	2.6	23.0	17.0	18.1	11.8	7.0	138.2	674	14
National Intergroup	def[a]	def	5.3	6.4	35.0	–2.4[a]	5.7	8.1	NM	NM	D-P	3,114	26
AH Robins	def	def	NE	def	NE	10.5	10.7	–0.9	9.9	NM	D-P	919	44
Bristol-Myers Squibb	NA	NA	28.0	26.9	4.7	NA	12.2[c]	7.2	NA	NA	15.2	8,973	1,393
Medians	20.1	20.7	19.3	16.1	7.3	10.1	11.4	8.6	10.5	11.0	18.2		
Health care services													
Humana	24.4	19.9	21.7	18.1	41.8	16.3	14.1	19.0	18.9	NM	11.3	4,088	256
Manor Care	22.2	17.1	11.8	6.6	60.6	34.9	9.6	16.9	NA	NA	D-P	642	28
National Medical	15.3	12.5	14.5	7.7	51.5	31.7	12.5	15.5	13.1	NM	0.0	3,820	152
Universal Health	11.8	5.9	5.2	6.3	48.2	30.7[a]	14.9	5.5	NM	–11.0	Z-P	578	8
Beverly Enterprises	7.1	0.8	def	def	54.4	34.0	13.5	3.8	NM	NM	D-D	2,085	–118
FHP International	NA	NA	34.9	24.5	23.5	NA	41.5	37.9	NA	47.4	81.5	757	25
PacifiCare Health	NA	23.3[c]	24.6	23.8	5.9	76.2[b]	71.2	45.9	NA	NM	83.0	581	9
United HealthCare	NA	def	61.9	17.3	49.1	NA	NM	–18.1	NA	NM	D-P	381	10
US Healthcare	NA	19.7	13.7	13.9	0.0	61.4	49.3	29.8	NA	NM	133.3	908	20
Medians	15.3	14.8	14.5	13.1	48.2	34.0	14.1	16.9	NM	NM	83.0		

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Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

Health	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/ capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Medical supplies													
CR Bard	**20.8**	22.8	22.6	21.3	17.5	**14.3**	14.3	6.4	**20.7**	20.8	1.9	780	74
Medtronic	**20.2**	19.7	21.1	20.3	1.6	**10.9**	9.2	8.9	**14.2**	14.3	7.3	777	100
Hillenbrand Inds	**19.2**	19.8	20.5	16.2	20.7	**12.8**	15.4	15.7	**13.0**	16.8	4.3	967	72
Bausch & Lomb	**16.8**	17.6	17.1	14.8	20.4	**6.4**	12.9	27.4	**10.2**	14.9	15.3	1,178	109
Becton Dickinson	**14.5**	16.5	22.2	15.7	30.9	**7.9**	9.8	6.0	**9.8**	34.6	34.7	1,811	214
Baxter International	**12.9**	11.2	11.0	8.9	34.2	**21.4**	37.5	8.7	**NM**	15.6	15.2	7,263	428
Owens & Minor	**12.7**	12.8	5.7	7.1	53.6	**20.4**	23.6	24.0	**12.0**	10.9	–46.6	866	4
Corning	**12.5**	14.5	14.8	12.1	22.8	**4.6**	6.2	12.0	**4.8**	25.0	–21.2	2,371	238
Healthco Intl	**10.6**	12.7	6.2	6.0	30.8	**6.4**	13.1	–2.5	**NM**	8.9	–36.8	432	9
Beckman Instruments	**NA**	NA	18.4	14.7	24.5	**NA**	10.3c	3.4	**NA**	NA	–2.6	785	43
Henley Group	**NA**	NA	NA	NA	NA	**NA**	NA	NA	**NA**	NA	NA	NA	NA
Medians	**14.5**	**16.5**	**17.1**	**14.7**	**23.7**	**10.9**	**13.0**	**8.8**	**10.2**	**15.6**	**3.1**		
Industry medians	**18.7**	**17.8**	**18.4**	**14.7**	**20.6**	**12.5**	**12.7**	**8.8**	**10.2**	**11.0**	**15.2**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

SIGN 'EM UP BEFORE THEY'RE SICK

Nearly a decade ago, Humana's David Jones saw the handwriting on the wall: Spiraling medical costs would soon force the government to clamp down on Medicare spending. When the industry's worst fears were realized in 1983, Jones anticipated the ensuing trench warfare for private patients. Almost immediately Humana unrolled a bold blueprint to build a network of insurance plans and participating doctors to feed private patients into the company's hospitals.

Though the strategy got off to a bitter start—with $170 million in operating losses for group health insurance between 1986 and 1988—his foresight is now beginning to pay off. Last year Humana's group health division—with nearly 1 million members—provided 16% of the company's hospital patients and turned a $4 million operating profit for the fiscal year ended last August. More important, it delivered paying private patients to the firm's core business, the hospital chain, which last year reported a 13% rise in profit, to $256 million, on revenues of $4 billion.

While national hospital admissions slipped 1.5% last year, Humana's rose 1.6%. Health plan customers should contribute an estimated 20% of Humana's hospital patients by next year.

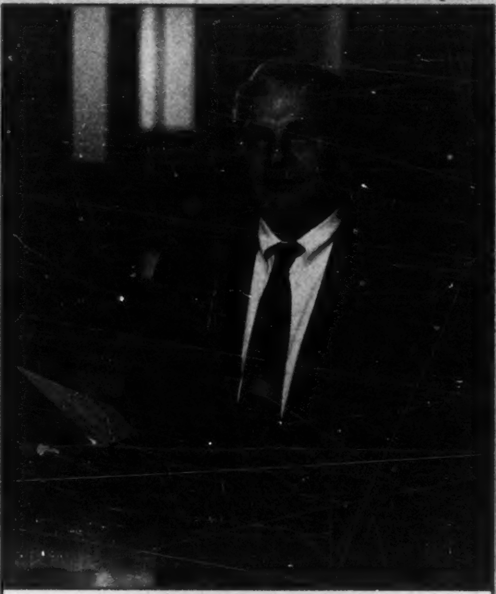
"Competition for patients starts when consumers choose their health insurance," says Jones. "Our group health networks have helped us to control our destiny."

Challenges remain. While Humana's health plan customers are using the chain's hospitals for 63% of their care, the remainder of the business—usually in places where Humana doesn't have facilities of its own—ends up at competitors. In Florida, half its group health customers are using non-Humana hospitals. No trifling matter, given that it costs Humana $800 a day to send a patient to an unaffiliated hospital, versus $450 a day at a Humana facility. Jones is working to fill the gaps through acquisitions. Last November Humana agreed to buy a 300-bed hospital in Pembroke Pines, Fla.

Jones intends to start another insurance network, this one in markets where no Humana hospitals exist. Under this plan, Humana will offer participating doctors and hospitals a slice of the insurance premium.

Where you can't beat 'em, join 'em.—M.F.

Wathen Hower/Quadrant



Humana's David Jones

million in badly needed capital and driving the Vector biotech stock index up 40%, versus a 27% gain for the S&P 500. With biotech drug sales finishing the year at an estimated $800 million, the industry at last can be said to be moving to the commercial phase of product development. The rub: As these companies scramble to launch new drugs, they must walk the delicate line of continuing to invest in research while satisfying investors' desires to see strong earnings.

For health care service companies, it's taken five long, bloody years to adjust to the government's war on Medicare spending. Now at last they are learning to eke out a profit. Hospitals have trimmed costs by eliminating excess beds, discharging patients sooner and shifting many expensive hospital procedures to less costly outpatient clinics. But sadly, the biggest factor behind the industry's stabilization has been its ability to recover losses on Medicare business by boosting charges to private patients.

Last year, with hospital costs up some 8% and Medicare payment rates up 3.3%, hospital chains made up the difference—and then some—by raising fees to private patients more than 20%, for the second year in a row.

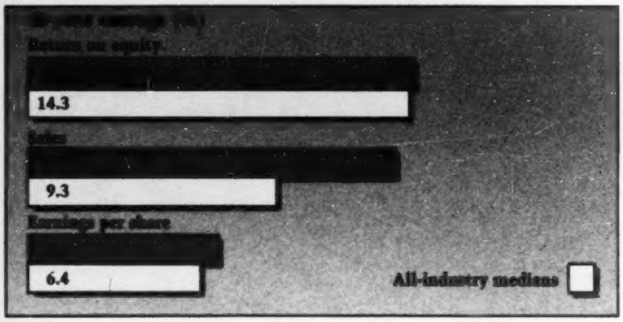
Nonetheless, elderly Americans howled at the prospect of paying for their Medicare benefits, and Congress listened, voting to repeal the Medicare Catastrophic Coverage Act in November. That means nursing home operators like Manor Care and troubled Beverly Enterprises could suffer margin pressure because of the many Medicare patients they serve.

Medical suppliers, meanwhile, continue to increase sales through a wide array of diagnostic products, including AIDS tests and ultrasound equipment that simplifies diagnoses. Look for more breakthroughs here in the 1990s, benefiting companies like Abbott Laboratories and Becton Dickinson. ■

Biotech	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			**Return on capital latest 12 mos %**	**Debt/capital %**	**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**			**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Diagnostic Products	NA	24.7	23.6	25.1	0.0	NA	26.5	24.9	NA	33.8	22.3	56	14
ALZA	NA	19.7	10.3	8.1	30.4	NA	29.3	9.9	NA	69.4	4.0	80	18
Life Technologies	NA	17.7	13.9	13.5	5.7	NA	17.6	7.8	NA	16.7	8.1	135	13
Applied Biosystems	NA	15.5	14.2	14.9	2.6	NA	79.4	11.6	NA	33.8	–9.6	158	17
ICN Biomedicals	NA	9.5	10.4	8.9	30.0	NA	47.6	7.5	NA	NM	–1.3	53	4
Molecular Biosystems	NA	4.3	16.7	15.1	13.0	NA	NM	231.5	NA	NM	390.0	16	5
IGI	NA	2.4	1.8	2.9	30.9	NA	–2.9	13.2	NA	NM	–60.0	18	0
Collagen	NA	1.6	9.1	7.6	27.7	NA	18.1	44.8	NA	NM	D-P	47	3
Biotech Research Labs	NA	def	7.4	6.9	29.5	NA	54.1	–3.4	NA	NM	–50.0	17	1
Amgen	NA	def	def	def	28.0	NA	70.4	69.5	NA	NM	P-D	102	–4
Synergen	NA	def	def	def	12.8	NA	23.8	76.3	NA	NM	D-D	9	–2
Immucor	NA	def	9.1	9.4	0.0	NA	31.3	15.7	NA	NM	56.0	10	2
Enzo Biochem	NA	def	def	def	76.4	NA	33.3	32.2	NA	NM	D-D	12	–4
Genetics Institute	NA	def	def	def	0.9	NA	35.4	151.9	NA	NM	D-D	50	–15
Immunex	NA	def	def	def	53.6	NA	82.9	31.2	NA	NM	P-D	21	–10
Genzyme	NA	def	def	def	8.6	NA	34.6	44.9	NA	NM	P-D	31	–7
Cetus	NA	def	def	def	57.0	NA	14.0	–44.2	NA	NM	D-D	19	–51
Gamma Biologicals	NA	def	def	def	22.3	NA	4.7	–1.7	NA	NM	D-D	18	–2
Centocor	NA	def	0.1	0.7	13.3	NA	60.4	5.8	NA	NM	–95.2	60	0
Collaborative Research	NA	def	def	def	0.0	NA	24.9	–22.8	NA	NM	D-D	12	–4
Synbiotics	NA	def	def	def	1.5	NA	73.2	–38.0	NA	NM	D-D	4	–6
Chiron	NA	def[c]	def	def	0.0	NA	65.5	47.9	NA	NM	D-D	36	–17
Hana Biologics	NA	def	5.7	33.1	3.3	NA	34.5	–7.1	NA	NM	D-P	6	4
Immunomedics	NA	def	def	def	7.1	NA	82.9[d]	–52.6	NA	NM	D-D	2	–2
Calgene	NA	def[c]	def	def	5.9	NA	110.3	17.1	NA	NM	D-D	27	–6
Genentech	NA	def	3.1	3.1	26.7	NA	50.1	11.1	NA	76.8	–79.7	366	13
Cambridge BioScience	NA	def	def	def	0.0	NA	80.8	101.4	NA	NM	D-D	5	–6
Damon Biotech	NA	def	def	def	11.5	NA	28.2	–43.2	NA	NM	D-D	4	–5
Applied Bioscience Intl	NA	NA	16.2	13.0	2.6	NA	21.4	25.7	NA	NM	23.2	54	5
Industry medians	**NA**	**def**	**def**	**def**	**11.5**	**NA**	**34.5**	**13.2**	**NA**	**NM**	**P-D**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. c: Four-year average. d: Three-year average. For further explanation, see page 120.

INSURANCE



Natural disasters are bad enough for property and casualty insurers, but political ones are even scarier.

By Jonathan Clements

LAST YEAR WILL LIKELY STACK UP as the insurance industry's worst since 1985. Property and casualty insurers in 1989 got battered not by one major natural disaster but two. First came Hurricane Hugo in September, then October's earthquake in California. Once the losses are toted up, property and casualty insurers will likely find they paid out at least $1.10 for every $1 of insurance they wrote last year.

In the perverse world of insurance, that augurs well for 1990. Explains Fidelity analyst Brian Posner, "Since the quake, premiums are no longer going down." Insurers are expected to use the two disasters as an excuse to boost rates modestly in 1990—and few people will fight the increases.

What worries the insurers more than natural disasters are political ones, the best example of which is the continuing saga of California's Proposition 103, the voter-approved rate reduction primarily aimed at auto insurers. The California Supreme Court upheld the mandatory rate cuts in May but ruled that insurers should be allowed to make a fair rate of return. California's beleaguered insurance commissioner, Roxani Gillespie, ordered a six-month insurance rate freeze in October. She is expected to decide on what counts as a fair rate of return sometime in 1990. Right now the betting is that insurers will be allowed to earn a return on equity somewhat above the 11% that Gillespie initially proposed.

Insurance	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Diversified													
Marsh & McLennan Cos	34.8	41.3	38.3	28.6	27.2	17.2	20.6	6.1	11.7	36.4	–1.2	2,380	290
Corroon & Black	34.6	48.7	17.2	14.1	6.8	13.8	21.5	10.8	13.1	53.9[d]	–67.1	453	37
Leucadia National	20.4[a]	16.0	12.0	11.1	55.4	35.3	28.6	31.5	39.7[b]	16.1	500+	752	26
Zenith National Ins	19.7	14.9	15.4	14.9	4.7	24.5	33.3	–6.4	9.8	23.0	–4.4	467	45
American Intl Group	19.3	20.0	19.5	15.2	18.3	20.6	30.0	8.9	15.6	28.8	15.7	13,805	1,346
Aon	18.6	18.2	16.3	13.2	23.7	NA	NA	NA	7.6	8.2	25.9	2,320	213
Cincinnati Financial	18.5[a]	18.0	14.2	12.8	0.1	14.2	17.6	6.3	15.5	19.5	–3.9	962	117
Safeco	16.6	18.6	19.0	15.8	15.2	10.3	11.8	13.0	11.8	21.4	36.4	2,964	300
General Re	16.6	16.9	22.4	20.6	3.2	15.0	14.6	–8.6	11.4	34.6	36.8	2,695	598
Old Republic Intl	16.1	14.4	8.2	7.5	18.5	17.6	23.7	8.4	4.1	NM	–46.6	1,151	52
CNA Financial	15.7	17.2	20.4	19.6	1.0	13.0	21.6	13.4	11.6	24.4	38.6	8,957	704
American General	14.4	12.4	11.1	8.2	46.1	17.8	6.2	19.1	4.5	2.7	14.5	4,234	487

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

Insurance

	Profitability					Growth						Sales	Net income
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/ capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Kemper	14.3	14.7	20.7	15.6	13.8	20.0	15.1	16.3	5.4	22.4	82.6	2,720	328
Uslico	14.2	14.0	10.7	10.0	11.8	NA	27.0[c]	NA	NM	4.3	NA	407	30
Transamerica	12.8	13.1	11.9	7.9	69.4	NA	11.9[c]	NA	NM	11.0	–0.5	6,767	314
Independent Insurance	12.6	10.6	10.8	9.9	6.8	5.7	4.5	6.4	NM	NM	50.6	518	33
Aetna Life & Cas	11.7	12.9	10.8	9.6	12.8	NA	NA	NA	NM	32.4	1.0	18,808	707
American Bankers	11.4	6.4	9.9	7.2	32.9	14.4	20.1	–15.8	4.2	NM	–29.6	630	16
Lincoln National	11.2	10.9	11.1	9.8	13.4	12.4	13.1	14.2	3.5	NM	94.4	7,616	234
Sears, Roebuck	11.1	10.4	7.6	6.9	42.7	8.4	6.7	8.4	4.3	–5.3	–18.6	53,181	1,024
Alexander & Alexander	NA	12.5	16.1	11.1	29.9	NA	10.5	4.0	NA	NM	1.4	1,238	60
Cigna	NA	7.6	9.5	8.9	10.4	NA	6.0[c]	5.8	NA	NM	10.8	15,436	502
Reliance Group	NA	21.1	def	0.7	57.2	NA	11.7	26.3	NA	NM	P-D	3,674	–56
Travelers	NA	7.1	12.0	11.0	15.4	NA	5.6[c]	NA	NA	–37.7[c]	NA	11,918	556
Medians	**15.9**	**14.6**	**12.0**	**11.1**	**15.3**	**14.7**	**14.9**	**8.4**	**6.5**	**9.6**	**6.1**		
Life & health													
American Family	20.5	22.8	12.7	6.6	5.9	22.0	28.7	7.3	17.8	27.8	–24.6	2,405	82
Torchmark	19.6	22.4	27.4	17.0	35.6	18.3	12.3	0.6	17.9	19.9	22.6	1,652	199
Capital Holding	16.5	18.4	21.4	14.8	12.3	16.1	14.1	27.0	13.4	19.5	86.8	2,392	258
American Natl Ins	14.0	11.6	6.6	6.0	0.0	4.6	4.9	8.4	7.6	–11.1	20.9	1,019	100
Provident Life & Acc	13.4	12.1	12.8	11.2	15.4	12.8	20.3	1.2	7.1	NM	107.5	2,767	139
Jefferson-Pilot	11.8	10.9	9.6	8.6	0.0	4.6	4.3	10.8	7.1	NM	45.0	1,251	126
BMA	11.7	10.4	14.7	16.1	7.1	7.8	6.9	4.0	6.3	NM	197.5	529	46
Monarch Capital	11.3	11.4	4.3	4.9	31.2	13.9	16.3	19.7	NM	NM	–35.7	487	16
USLife	10.4	9.2	8.6	7.7	26.1	4.7	3.5	10.8	1.6	3.2	16.9	1,190	79
Liberty Corp	9.4	10.1	5.6	4.7	43.3	NA	10.2	–5.0	4.5	13.0	–54.5	333	15
Washington National	4.4	0.4	def	def	9.3	NA	NA	NA	NM	NM	D-D	NA	–7
Broad	NA	def[d]	2.8	4.5	52.7	NA	21.3[d]	24.3	NA	NM	D-P	616	6
Conseco	NA	40.3	57.7	15.7	66.2	NA	NM	2.9	NA	NM	83.0	591	45
First Capital Holding	NA	41.5	26.9	13.2	46.1	NA	NM	34.6	NA	54.6	32.7	914	68
First Executive	NA	11.2	2.3	4.7	11.7	NA	24.3[c]	NA	NA	12.0[c]	NA	2,288	52
ICH	NA	NA	def	1.6	65.0	NA	NA	NA	NA	NA	NA	2,239	–75
Kentucky Central Life	NA	NA	0.0	NA	34.2	NA	NA	NA	NA	NA	NA	NA	NA
NWNL	NA	NA	0.0	NA	25.1	NA	NA	NA	NA	NA	NA	NA	NA
UNUM	NA	NA	12.1	11.0	0.0	NA	13.2	13.1	NA	NA	52.7	1,876	155
Medians	**11.8**	**11.4**	**8.6**	**7.7**	**25.1**	**12.8**	**12.3**	**9.6**	**7.1**	**–11.1**	**32.7**		
Property & casualty													
Geico	33.6	32.7	22.7	19.3	20.7	10.9	15.8	7.7	19.4	17.7	9.0	1,864	173
Progressive	29.9	32.5	25.3	15.6	57.5	28.1	41.5	14.1	27.5	42.1	28.0	1,375	105
20th Century Inds	29.5	29.1	34.9	33.7	2.4	29.9	32.3	16.3	22.9	42.0	78.1	690	84
Hartford Steam Boiler	23.5	28.5	27.3	22.1	9.7	11.6	14.9	6.3	20.3	39.0	11.0	471	77
Mercury General	22.8[b]	22.6	11.6	10.5	13.0	30.4[b]	46.7	16.4	22.7[b]	30.8	–37.7	507	17
Selective Insurance	18.3	19.8	19.1	17.6	8.7	13.6	12.7	9.9	13.0	NM	–3.1	513	41
First American Finl	17.6	19.8	6.4	5.5	31.7	NA	20.9	13.1	8.7	NM	–28.2	697	9
Hanover Insurance	17.2	19.8	14.3	14.2	0.0	14.7	21.8	2.3	12.4	43.7	–19.6	1,603	94
Berkshire Hathaway	15.9	15.8	13.4	12.6	16.3	21.5	38.1	6.1	29.0	21.6	32.7	2,487	457
Chubb	15.2	17.2	16.9	14.2	13.7	14.7	19.3	8.4	9.2	32.5	20.7	4,124	398
Ohio Casualty	14.6	15.9	19.2	17.8	NA	8.3	12.3	0.8	NM	27.6	92.5	1,589	138
WR Berkley	13.3	22.3	18.6	15.2	24.0	21.0	33.5	2.2	15.1	57.7[d]	0.0	543	55
Foremost Corp of Amer	13.1	11.3	11.0	8.9	25.0	8.9	8.0	0.6	3.4	NM	–28.5	454	22
Fremont General	13.1	8.7	4.5	5.2	43.4	7.6	–5.3	14.3	NM	NM	–44.9	449	7
St Paul Cos	12.4	15.2	16.8	16.4	6.4	8.6	10.4	8.9	4.4	50.1[d]	8.0	3,801	356
USF&G	11.3	11.6	2.7	3.6	14.9	9.9	15.1	0.0	NM	NM	–79.2	4,648	68
ITT	10.0	10.2	10.5	9.1	34.9	–2.0	–1.6	11.6	NM	13.1	–16.8	20,157	845
Xerox	9.9	8.7	7.1	7.6	48.3	10.0	9.1	5.6	–6.1	NM	–35.4	17,362	415
Continental Corp	8.9	7.7	def	def	13.8	7.9	8.4	4.7	NM	NM	P-D	6,089	–31
Orion Capital	3.1	2.1	17.6	11.3	37.7	14.7	15.8	16.2	NM	NM	29.2	815	32
Alleghany	NA	NA	9.8	9.0	23.5	NA	105.7	3.0	NA	NA	17.9	1,024	53
AmBase	NA	14.6[d]	8.8	7.6	41.9	2.9[a]	6.3	23.8	NA	NM	6.5	3,494	89
Argonaut Group	NA	36.3[c]	18.8	18.2	0.0	NA	NM	–10.2	NA	19.2[c]	–50.8	526	81
Fireman's Fund	NA	13.7	8.3	7.8	24.6	5.6[b]	5.1	–16.1	NA	NM	–27.1	3,527	160
Medians	**14.9**	**15.9**	**13.9**	**12.0**	**20.7**	**10.9**	**15.0**	**7.0**	**8.9**	**17.7**	**–1.6**		
Industry medians	**14.4**	**14.7**	**12.0**	**11.0**	**17.3**	**13.7**	**14.1**	**8.4**	**7.1**	**9.6**	**9.0**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

The California fever is spreading. Nevada's legislature voted to roll back auto rates 15%, while in New Jersey consumer activists tried to get a clone of Proposition 103 put on last November's ballot. Both moves were blocked by the courts, but consumer groups will no doubt continue to hound the insurance industry in 1990.

For health insurers, the news was better. Group health prices turned upward in 1988, helping some of the big diversified insurers like Cigna, Lincoln National and Travelers. These companies also benefited from narrowing losses at their health maintenance organizations.

Life insurers, meanwhile, started to reap the benefits from their huge sales of universal life policies in the early 1980s. Universal life policies give insurers negative cash flow in the early years because of marketing costs and agents' commissions, but now insurers like Capital Holding and Aon are starting to profit from a steady inflow of insurance premiums. The likely result: higher earnings in the early 1990s. ■

SELF-CONSUMED

Geico Corp. was flirting with bankruptcy in 1976 when Warren Buffett's Berkshire Hathaway started buying a 20% stake at around $3 a share. "It looked pretty bleak at the time he invested," notes Geico Chairman William Snyder.

But now Geico's stock is trading at about $153, and management can't get enough of it. Since 1976 the Washington, D.C.-based insurer has bought back half of its own shares and it has been one of the best investments around.

Over the past decade, Geico has returned almost 34% a year on its equity, double the industry average. A key reason for Geico's success: It bypasses agents and sells auto insurance directly to consumers, who are carefully screened to make sure they have good driving records. While most property and casualty insurance companies regularly lose money on their underwriting, Geico failed to make an underwriting profit only once in the 1980s.

Insurers usually make up for their underwriting losses by turning a profit with their investment portfolio. Here, too, Geico is a standout. The company puts more of its assets in stocks than do most insurers, and its equity portfolio typically outperforms the Standard & Poor's 500 by two percentage points a year.

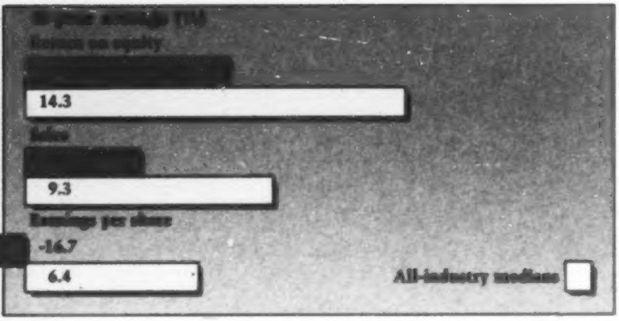
The one dark cloud on the horizon is Proposition 103. Geico has stopped writing new policies in California. But a complete pullout isn't an option, because existing California policies account for a tenth of Geico's business. Still, with direct sellers of auto insurance controlling just 10% of the U.S. market, Geico has plenty of room to expand outside California by taking market share from companies that sell their policies through salesmen, often at higher prices.

If Geico maintains its top-notch returns on equity and Snyder keeps buying back the company's stock, this much seems certain: More than 50% of Geico's stock will soon be owned by Berkshire Hathaway. Already Geico's stock repurchases have pushed Berkshire Hathaway's stake up to 45%. The prospect of being controlled by Buffett doesn't seem to faze William Snyder. Says he, "Warren Buffett is such an enlightened owner that we frankly wouldn't be distressed."—J.C.

[illegible]

Geico's William Snyder

MATERIALS



The only good news for steelmakers is that the bad news won't kill them.

By Rick Reiff

STEEL COMPANIES ENTER THE NEW DECADE flush from a three-year upswing but bracing for a bearish 1990. This sounds a lot like ten years ago, before the roof caved in. But a similar disaster is highly unlikely.

For one thing, any recession in 1990 will probably be mild compared with the deep 1981-82 downturn. And these companies are competitive with foreign steelmakers now, or at least much closer to it than they were a decade ago.

"Soft landing?" asks a hopeful Frank Luerssen, chairman of Inland Steel. "I think we'll have a flyover at low altitude."

There's no denying that demand for steel is currently dropping fast. Shipments to the auto industry fell about 9% in 1989, and deliveries to construction contractors were off 17%. Together those two industries account for a fourth of steel orders. Result: Steel prices have fallen to $445 a ton from $500 in early 1989, and plants are now running at only 85% of capacity, down from 94% a year ago.

With steel demand softening outside the U.S. as well, American producers will find it difficult to hold on to their modest gains in exports, which reached 4 million tons in 1989. And with overseas producers looking to export, and the dollar stronger, U.S. imports may rebound a bit.

The labor agreements that averted steel strikes in 1989 will increase hourly employment costs by 10% over two years. An amended Clean Air Act will add costs, too. When demand hits bottom—probably by late spring, figures PaineWebber analyst Karlis Kirsis—a ton of steel will sell for $15 less than the cost to produce it. Still, U.S. makers will pull through.

Materials	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			**Return on capital**		**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Steel													
Worthington Inds	21.4	20.5	20.5	16.8	11.1	15.9	14.1	8.1	12.5	18.6	5.5	1,008	62
Nucor	18.0	18.4	18.7	13.6	21.8	10.8	12.5	20.4	8.6	22.0	49.7	1,228	99
Valmont Industries	12.7	13.6	23.4	17.3	30.6	18.1	25.2	24.8	9.3	NM	48.2	763	19
Central Steel & Wire	12.3	13.8	15.4	15.5	0.0	1.5	6.4	–7.2	NM	14.8	–27.0	599	23
AM Castle & Co	11.1	13.5	14.2	8.7	39.3	4.4	11.7	8.1	5.5	26.7	–31.6	515	9
Texas Industries	9.6	4.7	def	5.8	42.5	12.6	17.8	6.2	–11.9	–21.8	P-D	690	1
Carpenter Technology	7.8	5.5	9.7	7.5	23.3	1.6	3.8	7.4	–14.2	–13.9	4.4	626	30
Lukens	7.5	12.9	20.3	16.1	7.7	5.1	10.1	10.7	10.9	NM	20.4	645	37
Quanex	4.9	6.9	22.8	18.2	0.0	5.8	5.5	10.6	–10.7	NM	86.4	486	31
Earle M Jorgensen	4.8	2.3	10.4	9.5	8.6	NM	12.4	16.4	–11.9	NM	60.3	522	15
Copperweld	2.6	5.8	17.5	12.6	37.1	–7.4	–8.5	7.6	NM	NM	6.9	300	18
Inland Steel Inds	1.4	6.6	11.3	7.5	25.0	NM	4.7	7.1	NM	NM	–26.1	4,230	171
National-Standard	0.0	def	def	def	39.7	–1.6	3.3	2.0	–11.4	NM	P-D	303	–12
USX	def	1.6	16.4	9.8	43.3	2.7	–4.0	9.5	NM	NM	63.4	17,210	879
Bethlehem Steel	def	5.8	14.9	12.2	25.5	–3.9	NM	1.4	NM	NM	–26.5	5,438	261
Armco	def	def	20.5	15.6	28.9	–6.5	–8.1	–10.9	NM	NM	127.6	2,838	182
Wheeling-Pittsburgh	def	def	NE	28.5	78.7	–2.0	5.8	7.7	NM	NM	12.1	1,161	147
LTV	def[a]	def	NE	def	–69.1	6.4	7.3	–15.5	NM	NM	D-P	6,455	288
Acme Steel	NA	3.2	13.9	13.8	19.0	NA	7.3	9.9	NA	NM	25.6	436	18
Allegheny Ludlum	NA	NA	57.2	37.4	17.2	NA	9.8	9.7	NA	NA	35.3	1,259	129
Cyclops Industries	NA	NA	115.9	30.7	35.1	NA	12.9	18.5	NA	NA	D-P	1,178	41
Lone Star Tech	NA	def	def	def	41.0	–10.0[b]	11.2	8.4	NM	NM	D-D	676	–81
Weirton Steel	NA	0.6[c]	5.1	7.0	25.0	NA	6.7[c]	NA	NA	NM	NA	1,354	17
Medians	**4.8**	**5.5**	**14.9**	**12.6**	**25.0**	**1.6**	**7.3**	**8.1**	**–14.2**	**NM**	**16.3**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

GARBAGE IN, CEMENT OUT

In the 1990s Lafarge Corp. stands to make a great deal of money from several of America's most pressing problems, including waste disposal and road rebuilding. The company has already improved its operating margin from 12% to 17% since 1984. Earnings have risen for seven straight years, and the company says even a rough market in 1990 is not likely to break the string.

In Lafarge's case, success has a French accent. The Reston, Va.-based maker of portland cement and derivative concrete products (North American sales, $1.4 billion) is 57% owned by France's Lafarge Coppée cement giant (sales, $3.8 billion). The remaining 43% of its shares trade on the New York Stock Exchange, at a recent $18.

Because of its strong parent, Lafarge has been daring. While the revenues of struggling rival Lone Star Industries have shrunk by two-thirds since 1984, Lafarge has expanded its sales by 60%, largely through acquisitions helped along with a $60 million infusion from the French company. And the acquisitions are likely to continue.

What's more, Lafarge has cut its cost of making cement by $8.40 a ton, to $30.20, during the past five years. This has been done partly by taking a hard line with labor unions and partly through new plant and equipment. Lafarge is putting over $100 million a year into capital expenditures, more than anyone else in the industry.

With substantial pent-up demand for public works projects, Lafarge's strategies could pay off handsomely. Public works spending, which makes up a third of the U.S. cement industry's annual sales, grew by a scant 0.8% a year in the 1980s, less than half the 1970s rate. A bipartisan government panel recommends doubling these expenditures; an increase of that magnitude would boost cement sales by an estimated 20%.

As the U.S. grapples with the problem of disposing of industrial waste, Lafarge has been converting its kilns to burn such refuse along with traditional fuels like coal and natural gas. This can produce significant savings, given that 20% of the costs of making cement go for fuel. And much of the waste Lafarge can't burn could eventually be buried in its gaping stone quarries and gravel pits. Using liquid chemical waste collected and processed by its Systech subsidiary, Lafarge already has cut the fuel bill at its big Alpena, Mich. plant by a fifth.

Says Wood Gundy materials industries analyst Robert Maloney, "Some people facetiously suggest that they will be running these plants and cement will be a by-product."

Another plus: Lafarge dominates in the Great Lakes region, which is immune to the low-cost cement imports that have hurt producers on the coasts and in Texas.

Little wonder that Lafarge Chief Executive Officer Robert Murdoch is so upbeat: "I think we've got a great product for the 1990s."—**R.R.**

Robert Murdoch of Lafarge Corp.

Susan Steinkamp

Even such highly leveraged companies as Wheeling-Pittsburgh and LTV should hang in there, partly on the strength of cash reserves built up during the past few years. Another cushion: improved efficiency. LTV, for example, is now producing at nearly 40% above its break-even level.

In the year to come, watch for more joint ventures between U.S. and Japanese steelmakers. American producers, which have scrimped on research and development during the 1980s, need the Japanese technology, as well as entrée to auto plants in the American heartland that are owned by Honda, Nissan and other Japanese companies.

The slowing economy is also hurting other metalmakers and mining outfits. Aluminum companies will be helped by their restraint in adding new capacity during the recent upturn, and also by their strength in the recession-resistant beverage can and consumer products markets. Reynolds Aluminum now gets 10% of its revenue from aluminum foil, wax paper and plastic wraps.

Demand for building materials is expected to remain sluggish in 1990. Given the falling profits and weak stock prices of this group, buyouts—like those of GAF and Formica Corp. last year—are likely to continue. ■

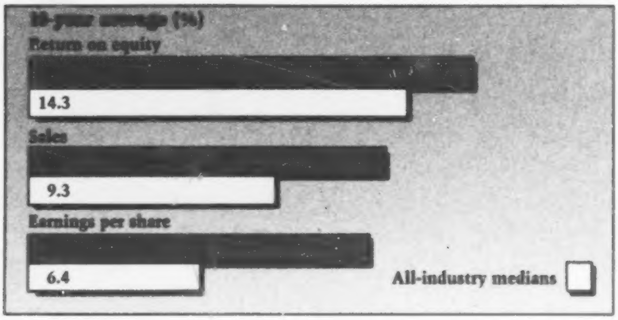
Materials	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Nonferrous metals													
Maxxam	14.4	3.7	58.3	6.6	85.7	NM	NM	500+	NM	NM	167.5	2,150	67
Engelhard	12.4	9.9	11.5	9.2	20.9	3.6	1.6	3.7	NM	NM	53.5	2,472	88
Alcan Aluminium	10.0	12.6	22.4	15.6	15.6	6.3	9.5	9.7	NM	NM	24.9	8,970	944
Alcoa	9.1	11.0	21.8	18.2	16.9	NA	6.9	18.0	NM	NM	28.4	10,863	999
Reynolds Metals	8.0	13.6	25.3	17.0	26.7	4.3	9.1	15.4	NM	NM	24.7	6,065	539
Handy & Harman	6.9	3.9	8.4	7.3	41.8	NM	1.8	2.6	−10.0	−9.5	39.2	666	10
Newmont Mining	6.8	6.7	NE	27.1	111.1	−5.9	−9.8	35.7	NM	NM	75.0	660	136
Phelps Dodge	6.5	15.2	35.0	25.6	19.3	NM	18.7	22.4	8.2	NM	40.0	2,620	548
Inco	5.7	19.0	93.4	44.2	43.7	NM	17.6	39.9	NM	NM	40.2	4,004	738
Asarco	4.4	10.3	18.4	15.2	17.1	NM	3.9	25.3	NM	NM	−13.9	2,279	245
AMAX	2.0	13.8	34.3	24.2	32.2	NM	10.3	3.4	NM	NM	130.3	3,988	590
Cyprus Minerals	NA	5.1[c]	26.4	20.8	7.3	11.0[b]	15.0	54.4	NA	NM	136.0	1,766	276
Magma Copper	NA	NA	18.8	7.2	46.4	NA	17.2	25.0	NA	NA	D-P	649	46
Tredegar Industries	NA	NA	0.0	4.6	0.0	NA	3.0[c]	4.1	NA	NA	NA	641	14
Medians	6.9	10.7	22.1	16.3	23.8	NM	8.0	20.2	NM	NM	40.2		
Cement & gypsum													
USG	22.2	26.2	NE	14.9	206.3	7.9	7.1	−9.3	10.8	13.8	−39.1	2,208	63
Florida Rock Inds	19.9	21.6	17.3	10.9	27.9	10.2	14.1	19.4	13.2	14.4	−8.7	435	24
Southdown	17.5	14.1	11.7	7.2	44.6	9.4	15.0	24.2	4.8	9.2	−4.8	627	41
CalMat	11.9[b]	14.4	13.3	9.3	13.4	12.6[b]	19.6	11.5	10.7[b]	50.7	0.5	651	59
Lone Star Industries	8.3	8.9	4.4	4.5	31.8	−5.0	−14.2	−27.4	−7.4	NM	3.6	348	34
Lafarge	7.0[a]	11.3	14.4	11.9	34.4	9.1[a]	8.6	11.0	NM	92.1[d]	5.3	1,435	100
Ideal Basic Inds	def	def	def	def	92.0	−7.2	−11.5	4.7	NM	NM	D-D	238	−33
Medians	11.9	14.1	11.7	9.3	34.1	9.1	8.6	11.0	4.8	13.8	−4.8		
Other materials													
Philips Industries	22.0	22.7	17.7	14.1	23.3	314.7	17.2	21.3	21.9	17.4	−1.3	973	45
Tyco Laboratories	21.4	21.6	24.4	16.0	44.6	21.9	21.0	22.6	8.1	17.5	12.6	2,088	98
Masco	19.4	19.5	15.4	12.0	37.2	13.4	20.2	25.6	12.7	17.3	−11.7	2,979	264
Vulcan Materials	18.9	20.7	21.3	17.5	7.1	4.4	3.0	5.2	8.9	21.9	−0.4	1,086	135
Armstrong World Inds	14.7	17.5	16.0	12.7	12.8	7.4	13.6	11.9	14.7	21.6	0.0	2,885	167
Harsco	11.3	10.8	def	1.0	23.4	3.3	6.4	2.9	NM	NM	P-D	1,337	−2
Hughes Supply	11.2	10.9	9.7	7.3	47.3	14.0	15.6	6.9	3.9	10.2	−7.6	524	9
Nortek	9.5	7.5	def	2.8	67.5	32.0	32.3	−8.8	4.2	NM	D-D	1,125	−16
Grow Group	7.6	4.2	14.8	10.3	52.8	8.4	13.6	5.9	NM	NM	D-P	413	8
Noland	7.2	7.3	3.7	4.6	31.5	6.7	9.6	0.2	7.2	2.5	−46.9	459	3
Owens-Corning	6.1	3.4	NE	38.3	145.9	5.0	NM	−0.3	NM	NM	2.1	2,833	184
Dallas Corp	4.1	2.0	1.9	3.4	26.1	7.1	2.6	−4.5	−16.7	NM	−68.0	326	2
HH Robertson	def	def	def	1.7	30.1	NM	−6.8	30.2	NM	NM	D-D	512	−1
Dravo	def	def	def	def	30.9	−11.9	−23.6	6.3	NM	NM	D-D	279	−6
Manville	NA	NA	18.6	8.1	45.1	NM	3.7	4.0	NA	NM	−31.3	2,145	118
Morgan Products Ltd	NA	22.6	0.5	2.2	35.3	NA	18.0	1.6	NA	NM	−96.3	437	†
Medians	10.3	10.8	6.7	7.7	33.4	7.1	11.6	5.5	4.1	NM	−21.5		
Industry medians	7.7	8.9	14.6	11.4	30.4	4.3	7.9	8.1	−16.7	NM	4.9		
All-industry medians	14.3	14.3	14.4	11.1	32.0	9.3	10.9	8.5	6.4	7.6	8.0		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. †Less than $500,000. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

Sale

RETAILING



Pssst! Wanna buy a watch? A suit? How about a whole department store?

By Steve Weiner

FOR RETAILERS, 1989 was the year of the fire sale—not only for merchandise, but also for the stores themselves. Debt-ridden Campeau Corp. put Bloomingdale's on the block. To avert a takeover attempt, Britain's B.A.T Industries offered Saks Fifth Avenue and Marshall Field's for sale. L.J. Hooker Corp., the U.S. arm of Australia's ailing Hooker Corp., tried to raise cash by selling its Bonwit Teller and Sakowitz stores; it liquidated its B. Altman chain after fruitless sale efforts.

That was just for starters. May Department Stores, grand champion of department store financial management, finally gave up on discount retailing and disposed of its Caldor and Venture discount arms, each with annual sales of more than $1 billion. After decades of development work, Dayton Hudson Corp. sold Lechmere, its appliance and electronics retail unit. Equitable of Iowa Cos., the Des Moines insurance company, tried and failed to sell its 36-store Younkers department store chain.

"The offers we got didn't represent fair value," sighs Fred Hubbell, Equitable's president and chief executive officer. Adds Bruce Allbright, retiring as president of Dayton Hudson, "I've never seen things so mixed up."

Allbright is not alone. "There's more uncertainty about the business than at any time I can think of," says Carl Steidt-

Retailing	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/ capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Department stores													
General Cinema	27.5	22.0	158.7	66.7	33.4	9.3	15.3	-0.9	19.5	-4.0	500+	2,011	966
Dillard Dept Stores	19.2	18.7	16.0	11.1	42.3	24.2	23.2	13.9	28.7	18.8	26.8	2,715	121
Mercantile Stores	16.7	16.7	14.4	13.1	15.9	9.6	7.2	2.7	14.7	12.5	7.9	2,249	141
May Dept Stores	16.2	17.4	16.8	10.4	40.1	11.0	7.3	-1.6	13.3	12.5	5.2	10,415	491
Strawbridge	14.4	15.2	12.5	8.8	42.3	10.8	10.1	6.1	14.7	8.7	4.8	922	26
JC Penney	14.0	15.2	19.3	12.0	29.1	3.8	4.6	2.1	10.5	14.1	42.2	15,678	870
Sears, Roebuck	11.1	10.4	7.6	6.9	42.7	8.4	6.7	8.4	4.3	-5.3	-18.6	53,181	1,024
Equitable of Iowa	9.9	10.5	9.4	8.4	16.9	NA	8.5[c]	16.2	4.7	12.7	37.6	564	25
Alexander's	2.1	1.0	23.1	15.4	31.0	1.5	0.5	-11.8	NM	NM	D-P	463	21
Carter Hawley Hale	NA	NA	NE	8.7	112.0	NA	-1.0	6.3	NA	NM	71.4	2,809	8
Neiman Marcus Group	NA	NA	1.1	8.3	42.5	NA	15.8	22.1	NA	NA	D-P	1,535	27
Medians	**14.4**	**15.2**	**14.4**	**10.4**	**40.1**	**9.5**	**7.3**	**6.1**	**13.0**	**10.6**	**37.6**		
Apparel													
Limited	**39.9**	37.0	33.0	20.9	31.5	**38.4**	32.2	18.7	**42.8**	30.4	67.3	4,421	314
Charming Shoppes	**28.8**	27.2	19.2	16.0	10.6	**25.3**	26.2	14.4	**20.6**	18.9	41.9	770	44
Gap	**26.7**	30.2	34.3	32.8	5.2	**16.1**	22.6	23.3	**26.5**	40.2	53.4	1,465	96
Burlington Coat	**24.2**	15.7	12.2	11.5	7.2	**37.6**	20.1	18.2	**28.1**	9.6	2.7	679	22
Melville	**23.4**	22.8	21.0	21.3	2.0	**14.5**	11.2	12.7	**13.0**	13.9	15.0	7,326	365
Nordstrom	**19.8**	20.9	20.4	14.3	35.2	**23.9**	24.4	19.2	**20.3**	24.6	20.3	2,579	131
Petrie Stores	**15.5**	12.1	5.0	4.8	15.4	**13.6**	12.6	5.6	**NM**	-8.1	-22.1	1,255	31
Hartmarx	**11.9**	11.0	7.8	8.1	39.3	**7.2**	2.8	8.8	**7.2**	NM	-24.2	1,259	29
US Shoe	**11.6**	6.7	9.8	7.9	25.2	**11.7**	8.8	9.6	**-5.4**	-27.1	500+	2,492	51
Brown Group	**11.5**	8.8	3.0	3.7	28.3	**3.6**	2.4	5.8	**-5.6**	-23.5	-76.6	1,782	10
Edison Bros Stores	**11.2**[b]	9.1	23.0	15.9	30.7	**4.2**[b]	4.2	9.0	**NM**	NM	D-P	991	49

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. †Less than $500,000. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

GREAT NEWS: A RECESSION

Wal-Mart's David Glass

Eli Reichman

If ever there was a recession-proof retailer, Wal-Mart Stores Inc. is it. Good times or bad, it grows rapidly.

Built by folksy billionaire Sam Walton, Wal-Mart has seen its sales mushroom at a compound annual rate of better than 36% in each of the past ten years. Last year sales approached $26 billion. Wal-Mart often gains market share during recessions, its executives claim, because it wins customers who defect from more expensive department and specialty stores.

"There's far more opportunity ahead of us than behind us," says David Glass, Wal-Mart's president and chief executive officer. "This company is geared to grow."

What's the Wal-Mart edge? Nothing more than hard work and clear thinking. Top executives work six and seven days a week, spending more than half their time visiting stores. Important decisions, such as what items to display in desirable spots, are often delegated to employees closest to the customer, the clerks on the sales floor. The network of 1,355 Wal-Mart stores (plus 120 Sam's Wholesale Club warehouse outlets and 3 giant HyperMart USA food and discount stores) is held together by the industry's best computer and communications systems.

Thus, the company's selling, general and administrative costs, at just 16% of sales, are 10 percentage points or more below those of most competitors. That allows it to offer prices that are often far lower than competing discounters'. And Wal-Mart works harder to keep its old stores fresher than any other retailer, doing major remodeling at 70 stores a year. That's why sales gains at Wal-Mart stores open at least a year, recently around 10%, are usually nearly double the industry same-store average.

Perhaps Wal-Mart's biggest opportunity in the 1990s: It has yet to enter 23 states. What's more, Glass figures the company could double the number of stores it has in its existing territories. Always based in small towns, Wal-Mart has begun to build rings of stores around major metropolitan areas, such as Dallas and Denver.

Given its huge base, the company's rate of growth may slow. And problems could crop up in its bid to expand into the grocery business. But generally speaking, customers love what they find at Wal-Mart. Model management, a model company.—S.W.

mann, chief economist for Management Horizons, the retail consulting arm of Price Waterhouse.

Retailing profits nationwide, which have trended downward since 1986, probably dropped by more than 4% last year, Steidtmann figures. Consumer spending, meanwhile, began to flatten in the second half, as America's frenetic shoppers took a slight breather. Especially hard hit were durable goods—appliance sales, for instance, were down more than 4% during the first nine months of 1989—and retailers heavily dependent on them suffered. Sears stores, for example, incurred a $6.9 million third-quarter loss, exclusive of credit card income.

In this gloomy environment, most retail enterprises have come under heavy pricing pressure. During the year, Sears, Roebuck, Montgomery Ward and, to a lesser extent, K mart and Ames switched to everyday low pricing schemes, drop-

Retailing	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			**Return on capital**		**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Genesco	8.8	16.8	24.6	12.2	28.7	–7.0	–7.2	8.6	8.9	NM	53.1	471	19
TJX Cos	NA	NA	11.8	9.8	42.6	NA	21.7	18.2	NA	33.2[c]	22.6	2,056	66
Medians	**17.7**	**16.2**	**19.2**	**12.2**	**28.3**	**14.1**	**12.6**	**12.7**	**10.9**	**9.6**	**22.6**		
Drug & discount													
Wal-Mart Stores	35.5	36.0	32.3	24.1	25.7	37.4	34.7	26.6	38.3	33.3	27.4	24,335	973
Pic'N'Save	35.2	32.8	20.9	19.8	4.2	19.7	13.4	18.3	23.0	10.1	–7.6	458	40
Consolidated Stores	33.7[b]	32.4	7.8	7.5	37.5	NM	87.6	2.3	44.0[b]	39.6	–33.3	616	12
Family Dollar Stores	24.6	22.3	12.9	12.1	0.0	19.1	19.8	13.1	18.2	9.1	–20.4	757	22
Rite Aid	22.4	21.6	15.3	13.0	41.8	14.3	18.7	12.5	15.9	11.0	–2.1	3,037	97
Walgreen	21.3	20.8	21.6	16.3	15.4	15.4	15.7	10.2	16.5	11.2	19.0	5,380	154
Longs Drug Stores	16.9	16.6	18.8	18.1	0.0	11.0	9.5	9.8	8.3	9.0	10.2	2,056	59
Ames Dept Stores	16.3	12.0	0.8	2.9	54.7	30.3	38.1	109.8	15.1	4.0	–89.2	4,646	13
Dayton Hudson	15.7	14.7	17.8	10.1	52.6	15.3	11.2	12.5	5.0	4.1	59.3	13,259	342
K mart	14.9	16.1	14.6	11.3	35.7	8.9	7.6	5.8	8.7	12.4	1.4	28,447	736
Fay's	14.2	12.2	19.6	15.3	38.5	13.3	10.7	8.5	11.0	NM	33.1	562	12
Dollar General	13.8	9.7	10.0	9.2	35.6	16.3	10.3	2.0	NM	–18.5	52.5	613	11
Rose's Stores	13.7	11.7	4.0	4.9	29.5	12.6	12.2	5.4	11.9	–6.5	–25.5	1,466	8
Jamesway	12.6	10.5	3.8	4.1	45.6	14.8	13.4	10.9	6.6	–6.8	–50.0	854	5
FW Woolworth	12.2	16.8	16.1	14.2	14.1	NM	8.0	10.8	6.1	19.3	8.7	8,571	298
Perry Drug Stores	def	def	0.9	5.3	69.1	25.2	20.2	–1.8	NM	NM	D-P	675	†
Drug Emporium	NA	22.8[c]	19.0	18.7	15.9	NA	62.5	20.8	NA	NM	16.9	447	9
Hills Dept Stores	NA	NA	def	6.8	98.3	NA	3.9	20.2	NA	NA	P-D	1,929	–1
Medco Containment	NA	7.2[c]	5.9	6.2	25.1	NA	81.0	47.1	NA	61.0[d]	–34.4	800	16
Fred Meyer	NA	17.3	11.8	10.3	35.3	NA	10.4	10.6	NA	14.1	–4.2	2,143	34
Ross Stores	NA	8.0	27.0	22.0	45.2	NA	49.1	16.4	NA	NM	67.1	712	31
Wholesale Club	NA	def	13.9	12.1	25.2	NA	75.4	45.4	NA	NM	D-P	481	5
Medians	**16.0**	**16.1**	**14.2**	**11.7**	**35.4**	**15.0**	**14.6**	**11.7**	**11.5**	**9.0**	**5.1**		
Specialty													
Price Co	40.5[a]	30.6	24.3	18.1	26.4	54.5[a]	43.6	20.9	48.9[a]	38.9	22.3	4,901	117
Highland Superstores	37.3[b]	27.2	def	def	38.3	32.2[b]	28.6	11.1	19.0[b]	–10.8	P-D	916	–6
Jostens	32.6	41.0	26.5	21.2	45.1	10.4	8.2	32.4	14.1	22.4	–40.9	723	55
Best Buy Co	32.1	31.0	1.0	3.3	36.8	NM	77.9	1.3	NM	23.1	–68.2	503	0
Circuit City Stores	30.6	32.3	25.8	20.5	23.5	35.0	37.3	22.0	38.6	36.9	20.5	1,877	71
Blair	27.6	30.6	29.7	29.9	0.0	7.1	8.6	3.8	15.8	13.5	–8.6	427	29
Tandy	26.8	20.7	18.8	17.2	6.9	13.8	8.6	8.7	15.5	4.1	3.4	4,230	321
Toys "R" Us	22.8	21.5	19.0	16.7	10.3	27.0	24.2	18.9	27.7	22.9	23.0	4,349	276
Kay Jewelers	21.6[b]	24.5	11.7	10.1	62.7	16.6[b]	18.8	8.4	NM	21.5	–44.9	433	7
Hechinger	17.9[a]	16.7	9.7	7.5	31.7	23.7[a]	25.4	23.2	21.6[a]	17.5	–21.0	1,165	35
Pep Boys	17.7	15.1	13.5	9.4	42.7	15.2	16.8	19.8	19.3	15.9	9.7	719	38
Sherwin-Williams	17.5	19.4	17.9	14.2	15.1	5.4	–2.4	9.7	21.1	15.4	8.2	2,094	108
General Host	15.7	11.7	def	def	55.3	–2.4	–7.2	12.5	NM	NM	D-D	481	–20
Lowe's Cos	14.8	13.2	13.0	11.0	20.9	14.4	12.2	7.0	12.3	NM	35.5	2,621	77
Service Merchandise	11.8	9.4	20.4	13.2	110.8	19.3	16.2	8.8	NM	NM	45.6	3,201	78
Intermark	11.0	5.3	def	3.8	56.6	24.4	26.3	9.3	NM	NM	P-D	744	–6
Dart Group	10.8	6.1	7.5	9.4	29.9	NM	34.4	87.8	31.4	22.5	D-P	842	20
Horn & Hardart	def[a]	def	def	3.7	72.9	20.4	7.3	10.3	NM	NM	D-D	525	–4
Lionel	def	6.3[d]	1.6	3.6	45.8	4.5	4.9	13.1	–6.5	–41.3[c]	D-P	423	1
Inspiration Resource	def[a]	def	6.8	7.2	24.2	9.4	11.8	–2.1	NM	NM	–16.4	1,361	30
Grossman's	def	def	16.5	11.6	58.4	–2.4	–5.3	3.8	NM	NM	33.3	1,155	17
Businessland	NA	7.9	17.0	13.9	35.8	NA	70.9	28.0	NA	NM	12.9	1,233	30
Child World	NA	6.3[c]	4.5	4.8	10.5	21.5[b]	18.3	7.8	NA	9.6[c]	2.5	831	9

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. †Less than $500,000. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

ping many price promotions in favor of generally lower prices most of the time. Also, deep pre-Christmas discounting was the rule at almost all department stores.

Price-cutting even spread at fast-food chains such as McDonald's, Burger King and Wendy's last year. All three found themselves battling over a base of customers that is growing sluggishly, at best.

One bright spot was relative stability in the supermarket business after several years of takeover and restructuring turmoil.

For the retail industry as a whole, the 1990 outlook is for moderate to slow sales growth and flat to lower profits, with the second half stronger than the first.

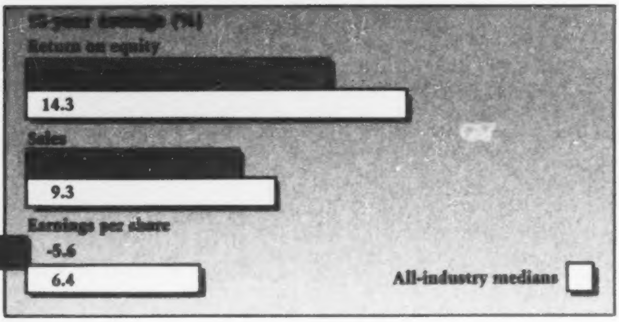
"Retailing has already had a recession, a very mild recession, and when the economy begins to accelerate the consumer sector always leads the way," says Steidtmann. ■

Retailing	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity			**Return on capital latest 12 mos %**	**Debt/ capital %**	**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**			**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Costco Wholesale	NA	4.3[c]	22.5	14.4	59.3	NA	107.6[c]	47.8	NA	NM	110.9	3,000	27
Home Depot	NA	23.5	24.2	22.3	38.5	NA	50.4	39.0	NM	44.3	34.2	2,570	101
Home Shopping	NA	NA	def	def	61.1	NA	NA	6.1	NA	NA	P-D	774	–22
InterTAN	NA	NA	21.9	18.5	14.2	NA	9.4	11.6	NA	NA	71.8	650	39
Lands' End	NA	55.5[c]	30.9	29.4	6.3	NA	28.2	32.5	NA	42.8[d]	10.9	501	29
PACE Membership	NA	def	9.0	7.0	16.8	NA	99.5	31.3	NA	NM	72.1	1,451	10
Spiegel	NA	24.1	18.9	9.7	61.0	NA	16.9	31.7	NA	35.1	52.9	1,584	65
Waban	NA	NA	0.0	29.2	10.2	NA	101.2[c]	31.0	NA	NA	NA	1,876	23
Medians	**17.7**	**16.8**	**13.5**	**12.0**	**31.7**	**14.8**	**18.5**	**12.5**	**13.2**	**11.5**	**10.3**		
Supermarkets													
Food Lion	30.8	31.6	29.9	21.8	17.0	28.4	26.6	26.3	26.5	31.6	21.2	4,449	127
Bruno's	24.6[b]	21.3	18.7	13.1	27.9	18.8	23.8	11.1	23.8	17.3	17.0	2,198	50
Giant Food	23.2	24.2	24.8	17.2	31.7	10.1	8.8	9.6	19.7	17.3	23.5	3,110	106
Arden Group	21.4	28.7	35.9	18.6	41.6	–3.2	–5.6	–2.1	28.3	46.1	20.7	345	11
Albertson's	21.3	21.4	23.5	20.1	16.6	10.8	9.0	15.1	14.7	17.3	23.8	7,372	188
American Stores	19.6	14.7	7.3	6.1	72.6	24.0	14.4	25.7	13.7	–7.6	–29.1	21,251	85
Hannaford Bros	19.5	19.5	21.1	13.9	31.7	12.1	14.6	24.7	17.8	19.9	27.6	1,469	36
Weis Markets	19.1	18.4	16.8	16.5	0.0	8.4	5.9	7.8	12.8	11.1	6.8	1,243	86
Circle K	18.9	19.7	1.3	5.0	70.5	23.1	28.9	33.6	12.2	17.0	–90.7	3,658	11
Winn-Dixie Stores	18.1	16.8	18.5	17.6	8.3	7.2	5.5	2.8	4.7	0.6	16.7	9,292	139
Schultz Sav-O Stores	16.8	19.0	18.9	11.6	39.3	5.9	3.2	9.6	14.5	30.0	25.6	459	4
Seaway Food Town	14.7	17.6	25.9	9.1	55.0	3.9	–1.0	14.3	NM	30.9	–52.0	512	4
Delchamps	14.5[b]	12.4	13.9	12.4	26.6	14.9[a]	10.0	4.6	5.9[a]	NM	25.4	912	12
Village Super Market	14.1	16.4	10.7	8.8	44.6	10.9	15.1	5.9	17.7	20.2	–17.4	658	5
Ruddick	13.6	13.0	14.0	10.7	35.4	11.3	13.5	17.8	7.6	5.5	9.5	1,301	20
Marsh Supermarkets	13.5	14.2	15.5	9.2	47.8	8.0	8.0	2.4	6.5	35.7	33.1	898	10
Natl Convenience	11.7	3.1	def	4.8	77.2	13.3	5.6	12.2	NM	NM	P-D	1,083	–3
Kroger	11.5	9.3	NE	def	230.1	9.3	4.2	0.1	–10.3	–23.5	P-D	18,827	–141
Foodarama Supermkts	8.0	11.2	3.6	6.4	62.4	2.3	2.5	10.8	NM	NM	–73.8	542	1
Great A&P Tea	7.1	12.9	14.5	11.3	33.6	3.3	15.0	10.3	NM	30.1	21.4	10,766	141
Casey's General Store	NA	21.2	9.1	7.0	40.8	NA	11.4	24.9	NA	31.3	–42.4	451	6
Dairy Mart	NA	11.2	3.9	5.9	66.4	55.0[b]	61.5	19.9	29.6[b]	15.0	–72.8	614	1
Ingles Markets	NA	15.2	12.7	9.3	41.7	NA	13.0	14.6	NA	18.1	12.7	858	14
Penn Traffic	NA	NA	def	4.0	93.0	NA	14.1	216.0	NA	NA	P-D	2,063	–26
Smith's Food & Drug	NA	18.9[d]	19.2	9.2	45.2	NA	21.9[c]	NA	NA	21.2[c]	NA	1,649	24
Vons Cos	NA	NA	def	2.3	82.3	NA	10.0	45.5	NA	NA	D-D	5,153	–43
Medians	**17.4**	**17.2**	**14.2**	**9.3**	**41.7**	**10.8**	**10.7**	**12.2**	**12.8**	**17.3**	**9.5**		
Restaurant chains													
McDonald's	22.5	22.5	20.8	12.1	43.2	12.8	12.9	11.7	15.4	14.7	14.5	5,967	707
Shoney's	20.7	17.9	NE	22.7	208.8	18.2	14.2	13.2	18.5	12.8	–69.9	840	17
Bob Evans Farms	19.9	17.8	15.8	15.3	1.1	15.3	16.4	5.4	14.2	13.1	–0.2	427	31
Collins Foods Intl	16.9	15.8	13.5	12.4	6.2	13.1	11.4	–2.5	13.6	NM	12.3	543	29
Morrison	15.1	14.2	18.7	15.0	7.9	11.4	10.0	19.2	5.8	6.2	14.5	849	32
Carl Karcher	13.6	10.8	28.8	15.9	62.0	13.7	7.2	20.7	10.4	10.9	49.6	488	19
Wendy's Intl	12.8	6.6	6.0	5.9	27.2	19.3	6.6	–0.2	4.1	NM	–3.7	1,052	25
TGI Friday's	NA	8.6	11.2	10.0	6.3	22.8	11.6	–3.0	NA	NM	38.2	387	14
Medians	**16.9**	**15.0**	**14.6**	**13.7**	**17.6**	**14.5**	**11.5**	**8.6**	**13.6**	**8.5**	**13.4**		
Industry medians	**16.7**	**16.5**	**14.4**	**11.3**	**35.2**	**13.3**	**13.0**	**11.3**	**12.8**	**11.1**	**12.7**		
All-industry medians	**14.3**	**14.3**	**14.4**	**11.1**	**32.0**	**9.3**	**10.9**	**8.5**	**6.4**	**7.6**	**8.0**		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

TRANSPORT



As railroads continued to restructure, mergers swept the air freight industry.

By Ronit Addis

RAIL COMPANIES HAVE WORRIED FOR A DECADE that Congress might reregulate the railways by revoking the 1980 Staggers Act, a piece of legislation that enabled them to compete on a price basis with trucks and airlines. The threat seemed to have passed last year as no new reregulation bills were introduced, a first since 1983.

But that didn't stop Washington from harassing the rail industry in other ways. For example, the Interstate Commerce Commission, by taking productivity gains into account, made it tougher for the rail outfits to raise rates. The Association of American Railroads objects to this strategy, in part because the ICC's productivity data go back only as far as 1982, when productivity started an upward swing.

The focus on Capitol Hill, meanwhile, was the Federal Employers' Liability Act, the insurance system under which railroads compensate workers injured on the job. The railroads contend that the act costs them an estimated $300

Transport	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					Sales			Earnings per share				
Company	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/ capital %	10-year average %	5-year average %	latest 12 mos %	10-year average %	5-year average %	latest 12 mos %	latest 12 mos $mil	latest 12 mos $mil
Railroads													
Norfolk Southern	10.9	9.8	12.6	7.8	7.0	5.1	6.7	5.2	NM	NM	5.2	4,589	637
Union Pacific	9.4	9.2	14.2	8.5	40.5	6.4	−7.1	0.8	4.0	15.6	7.6	6,337	615
CSX	7.0	5.5	12.9	7.7	33.8	7.5	3.7	1.1	NM	NM	321.5	7,759	449
Santa Fe Pacific	5.4[a]	2.9	34.9	8.3	60.5	−3.2[a]	−10.7	−19.1	NM	NM	D-P	3,031	170
Kansas City Southern	4.3	def	def	def	35.9	8.0	3.6	−1.6	NM	NM	P-D	507	−32
Soo Line	1.8	def	0.5	3.5	46.3	10.1	16.2	−6.7	−8.9	NM	−92.1	545	1
Burlington Northern	NA	20.0[c]	20.7	7.4	53.3	NA	NM	61.3	NA	−17.3[c]	254.2	4,611	192
Consolidated Rail	NA	NA	7.6	7.0	16.1	−1.9	1.4	1.9	NM	−6.7	0.2	3,492	307
Medians	6.2	5.5	12.7	7.5	38.2	6.4	2.5	1.0	NM	NM	6.4		
Trucking & shipping													
Alexander & Baldwin	19.5	22.6	38.0	24.2	29.1	7.3	9.4	20.6	19.2	22.9	72.6	811	213
Ryder System	16.0	14.3	4.9	5.3	55.2	15.1	18.2	3.4	8.3	3.8	−42.8	5,101	79
Yellow Freight Sys	15.8	16.7	14.2	10.0	19.6	10.9	11.9	11.9	12.4	4.7	4.2	2,184	65
Consol Freightways	15.3	14.3	10.0	10.0	37.2	6.2	13.5	34.6	5.1	9.8	−17.1	3,486	79
Carolina Freight	15.2	11.3	7.3	5.7	35.7	14.4	12.3	4.9	7.9	−8.6	63.3	666	10
Roadway Services	14.7	11.6	14.5	13.1	0.0	7.8	11.0	23.7	NM	−8.5	47.9	2,544	97
Preston	6.3	4.9	3.7	4.7	47.1	15.4	17.5	6.7	−2.3	NM	−27.0	615	4
American President	NA	11.0	4.0	4.8	39.1	17.3	24.0	12.0	NA	NM	−65.1	2,261	35
Avondale Industries	NA	def[d]	2.1	2.3	11.4	NA	9.2	26.3	NA	NA	411.1	684	6
Medians	15.3	11.6	7.3	5.7	35.7	12.6	12.3	12.0	7.9	−2.3	4.2		
Air freight													
Air Express Intl	20.5	27.7	20.7	14.7	49.1	10.7	13.4	2.7	11.4	NM	−13.6	512	7
Federal Express	16.3	10.0	10.6	6.8	47.7	36.9	30.7	41.6	20.6	11.1	−18.4	5,736	149
Airborne Freight	11.3	9.0	10.6	7.0	52.6	13.7	17.2	23.2	NM	−10.8	94.1	898	14
Pittston	def	def	6.6	6.2	16.5	−3.1	4.1	5.3	NM	NM	D-P	1,640	29
Medians	13.8	9.5	10.6	6.9	48.4	12.2	15.3	14.3	NM	NM	40.2		
Industry medians	11.3	9.9	10.6	7.0	37.2	8.0	11.0	5.3	−5.6	−14.1	5.2		
All-industry medians	14.3	14.3	14.4	11.1	32.0	9.3	10.9	8.5	6.4	7.6	8.0		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

million a year more than the system used by other industries. Congress took no action, but the railroads are hoping for progress in the near future.

After a decade of tumult, there were no major mergers in 1989. Union Pacific and Burlington Northern were busy restructuring; Union Pacific bought some of its stock on the open market and plans to sell some divisions, while Burlington Northern began paying down debt. Santa Fe Pacific held its independence against raiders although Itel Corp. still holds a 17% stake and Olympia & York has a 19% interest.

Most trucking companies held their own last year, despite a rise in fuel costs and a continuing driver shortage. Troubled Ryder System remained in second place behind Alexander & Baldwin, although Ryder's earnings plunged 43% in the 12 months ended Sept. 30. Ryder spent much of the past year refocusing on its basic business, truck leasing and rentals, after a series of fiascos in other service businesses, such as freight hauling and supplying aircraft parts. Consolidated Freightways, which purchased Emery Air Freight in April for $230 million—along with $248 million in debt—saw earnings slip 17% as it entered this highly competitive industry.

The air freight industry saw other consolidation as well. Federal Express purchased Tiger International in February for $880 million, plus the assumption of $630 million in debt. This move should boost second-place Federal Express in the expanding international express market, against major competitors DHL International and UPS. A continuing problem for all four U.S. air cargo carriers: stiff competition from foreign cargo lines like Japan's All Nippon Airways and West Germany's government-owned Lufthansa. ■

SOUTHERN COMFORT

Minding the store paid off handsomely for Norfolk Southern. Many of the country's great railroads spent the past few decades turning themselves into conglomerates, but Norfolk Southern did not.

Today the rail line is reaping the benefits. It earned profits of $637 million in the 12 months ended Sept. 30, and its ten-year average return on equity is 10.9%, well above the 6.2% rail industry average. Norfolk Southern has so much cash that it has initiated a buyback of 45 million shares, on top of the 20 million shares it repurchased over the past two years.

Being conservative does not rule out being creative. Far from it. Norfolk Southern has been at the forefront of several new railway technologies, primarily in intermodal transportation. In late 1985 the rail company introduced its RoadRailer, a 48-foot trailer outfitted with wheels for use both on railroad tracks and on highways. Today the company has 1,800 RoadRailers in operation.

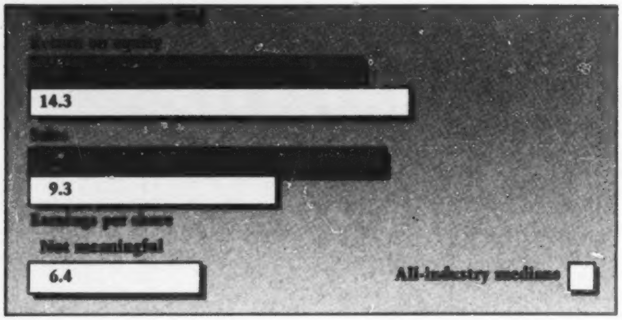
Ken Hawkins

Norfolk Southern's Arnold McKinnon

The railroad also runs extensive piggyback service, transferring containers between railroad flatcars and trucks, and doublestack service, where it piles containers on top of one another during transport. Its intermodal business now provides 7% of revenues, up slightly from 1988.

But intermodal transport, which has plenty of room for expansion, isn't enough. The new frontier in transportation, according to Chief Executive Arnold McKinnon, is the internationalization of the business, and he is making sure Norfolk Southern is poised to take advantage of it through its North American Van Lines, which has extensive operations overseas. Also, Norfolk Southern is offering its services as a transport broker around the world. Says McKinnon, "We're in effect offering to be the complete transportation provider, to put the package together from a plant in this country to a consumer in Western Europe."—R.A.

TRAVEL



With domestic traffic sluggish, U.S. airlines look across the Atlantic.

By Kerry Hannon

EVERYONE FROM PETER UEBERROTH to Donald Trump wanted a piece of the airline industry last year. Yet, as the year drew to a close, it looked like only two carriers would change hands: Northwest and Hawaiian Airlines. In August Ueberroth and his partners agreed to buy a controlling interest in HAL, Hawaiian Airlines' parent, for $22 a share. In July NWA, the parent company of Northwest Airlines, was taken private for $3.65 billion, or $121 a share, by investor Alfred Checchi and KLM Royal Dutch Airlines.

The takeover deals that didn't happen included the $6.5 billion UAL management/labor buyout backed by British Airways, which collapsed in October when financing fell through. Shortly thereafter Donald Trump withdrew his $120-a-share offer for AMR, American Airlines' parent.

Hoping to stay out of the fray, both USAir and Delta Air Lines are putting an estimated 20% of their voting stock into friendly hands.

The Eastern strike sparked huge traffic gains for East Coast carriers American, Delta and USAir. Nevertheless, as a whole, the airlines did not repeat the record earnings they had in 1988. Reason: Jet fuel prices have jumped to 61 cents a gallon, up from 51 cents a year ago. Every penny increase in fuel prices costs the airline industry $150 million in annual operating profits. Thus, after a summer of deep discounting, some higher fares have been put through, although yield, measured as average fares in cents per mile, has softened.

In 1990 look for big changes by air carriers in the international sphere. Federal regulators may tighten the rules on foreign ownership of U.S. airlines, and may open additional

Travel	**Profitability**					**Growth**						**Sales**	**Net income**
	Return on equity					**Sales**			**Earnings per share**				
Company	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**latest 12 mos $mil**	**latest 12 mos $mil**
Airlines													
UAL	17.5	28.7	32.0	12.9	48.5	9.3	8.6	9.1	NM	NM	–52.3	9,656	338
Alaska Air Group	17.3	12.9	15.0	10.4	37.6	25.8	23.6	12.2	5.8	NM	45.0	890	47
Southwest Airlines	14.5	9.7	14.3	8.9	33.4	25.5	13.7	18.9	4.2	NM	61.5	985	80
USAir Group	14.1	11.3	2.7	3.3	38.0	20.3	28.5	16.5	4.0	NM	–65.5	6,234	61
Delta Air Lines	12.6	15.4	20.1	14.0	18.1	10.7	11.6	17.0	NM	NM	38.8	8,381	494
AMR	11.7	14.0	15.9	9.6	37.6	11.0	12.0	23.1	NM	NM	42.7	10,262	533
Midway Airlines	def[b]	3.2	6.2	6.0	47.9	36.0[b]	32.3	16.7	NM	NM	–22.6	471	5
Texas Air	def	def[d]	NE	def	102.2	48.0	57.6	–19.2	NM	NM	D-D	6,978	–747
Pan Am	def	def	NE	def	218.9	2.6	–1.5	–2.9	NM	NM	D-D	3,503	–210
America West Airlines	NA	def	21.7	8.3	84.3	NA	57.8[c]	27.3	NA	NM	D-P	927	15
Medians	12.6	10.5	14.6	8.6	42.9	20.3	18.7	16.6	NM	NM	8.1		
Hotels & gaming													
Hilton Hotels	18.4	17.4	14.4	9.3	34.8	6.2	7.3	7.1	5.0	6.0	–22.5	955	118
Caesars World	15.3	18.6	29.7	14.6	58.3	13.2	7.9	6.8	14.8	37.1[c]	–14.7	897	62
Holiday	12.3	11.1	NE	17.5	129.1	3.2	NM	–2.0	9.9	7.1	–29.4	1,577	85
Bally Manufacturing	6.4	5.3	4.7	6.2	70.4	18.2	10.1	6.7	NM	12.6[d]	–17.0	1,969	31
Ramada	0.4	1.5	def	def	51.4	7.5	NM	2.9	NM	NM	P-D	550	–31
Carnival Cruise Lines	NA	50.5	28.4	29.7	45.8	NA	23.9	76.8	NA	35.7	14.4	1,052	214
Circus Circus	NA	26.6	50.0	18.8	67.0	22.4	17.8	2.3	24.5	25.8	13.7	514	72
Medians	12.3	17.4	14.4	14.6	58.3	10.4	7.9	6.7	7.5	12.6	–17.0		
Industry medians	12.5	11.3	14.4	9.3	48.5	13.2	12.0	9.1	NM	NM	–17.0		
All-industry medians	14.3	14.3	14.4	11.1	32.0	9.3	10.9	8.5	6.4	7.6	8.0		

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NA: Not available. NE: Negative equity. NM: Not meaningful. a: Nine-year average. b: Eight-year average. c: Four-year average. d: Three-year average. For further explanation, see page 120.

Sources: Forbes; Value Line Data Base Service via Lotus CD Investment.

international routes—which U.S. carriers are eager to grab. Federal regulators may also act to limit the amount of leverage an airline can assume in a takeover.

The hotel industry continued to suffer from overcapacity, as did the casino trade. The debut of large new gaming facilities in Las Vegas and Atlantic City will worsen the glut of hotel rooms as well as casinos. In Las Vegas, the Golden Nugget recently opened its 3,000-room Mirage (estimated cost $700 million). By the middle of 1990 Circus Circus plans to open the 4,000-room Excalibur, considered to be the largest new hotel in the world. In Atlantic City, Donald Trump hopes to unveil his 17-acre Taj Mahal complex by the spring of 1990.

Profit margins will tighten as casino/hotel managers try to win customers by offering more complimentary rooms, meals and coins for the one-armed bandits. In Las Vegas alone, it is estimated that the number of hotel rooms will jump by a third, to 84,000, by 1993. But demand for the rooms is unlikely to catch up with supply until the middle of the decade, if then. ■

LOOK OUT, EUROPE, HERE HE COMES

In the past decade Robert Crandall has transformed American Airlines. Crandall, 54, is a risk taker. He introduced the first frequent flier program. Crandall has spent heavily to build American's Sabre reservation system into the largest computer reservation system in the world, controlling some 38% of the market. Today American's system is valued at about $2.5 billion.

Crandall's numbers speak for themselves. Revenues at AMR, American's parent, have nearly tripled, from $3.8 billion in 1980 to an estimated $10.6 billion in 1989. Net income has grown from a loss of $125 million in 1980 to $535 million. And operating margins have jumped from 3.9% to 14% over the same period.

Once again Crandall is running ahead of the pack. With new airplanes in short supply and some taking four years to deliver, American has assured itself of a steady inflow of fuel-efficient aircraft, with 500 planes on order or near delivery—more than any other carrier.

Says Crandall, with obvious pride, "We've done a good job of providing for our future fleet needs."

Now that Crandall has the capacity to expand, expect him to push further into the international market. Already, 16% of American's revenues come from international flights, up from 4% in 1984. By the mid-1990s, Crandall estimates, 30% of the airline's revenues will be generated by international flights.

If U.S. talks with European nations succeed, American Airlines could soon be offering service to additional European cities, including Amsterdam, Milan and Rome.—K.H.

Robert Crandall of American Airlines

Charles Thatcher

WHO'S WHERE IN GROWTH

Sales at America's largest corporations grew at a 9.3% average annual rate over the past decade, but earnings lagged, rising at a 6.4% pace.

By Steven Ramos

When fourth-quarter results are finally in, 1989 profits for companies in the S&P 500 stock average will likely show little earnings improvement over 1988. Our authority for this is the Institutional Brokers Estimate System, an investment service of Lynch, Jones & Ryan.

Were it not for big writeoffs at banks, the 1989 earnings picture would have been brighter: Excluding the banks, S&P companies showed about a 4% increase. With banks expected to recover, current forecasts call for a 14.5% increase in S&P 500 earnings in 1990.

For the 1980s, the median company in this survey had an average sales growth rate of 9.3% and an earnings growth rate of 6.4%. Price Co., the San Diego-based warehouse retailer, had the best long-term earnings growth rate, 49%. Liz Claiborne, Consolidated Stores and Limited had long-term earnings growth above 40% a year.

Note that six of the ten companies ranked highest for growth carry a note indicating their rates reflect eight- or nine-year performance rather than a full ten-year period. Giant companies rarely lead this list; it's a lot easier for a company with $1 million in profits to double its earnings year after year than it is for a firm with profits of $500 million. Thus, today's winners are unlikely to be growth stars again in the 1990s.

The following table is ranked on ten-year earnings growth, as opposed to a five-year growth rate in previous surveys. This change to a ten-year ranking has knocked a number of companies, including Reebok, Sun Microsystems and Compaq Computer, from places at or near the top of the list. These firms have not been around long enough for Forbes to calculate a ten-year earnings growth rate. To find the five-year growth rates, see the reports starting on page 122.

	Earnings per share			Sales		
Company	rank	10-year average %	latest 12 months %	rank	10-year average %	latest 12 months %
Price Co	1	48.9[a]	22.3	6	54.5[a]	20.9
Liz Claiborne	2	45.4[a]	40.2	11	44.6[a]	17.0
Consolidated Stores	3	44.0[b]	–33.3	860	NM	2.3
Limited	4	42.8	67.3	23	38.4	18.7
Student Loan	5	41.5	20.7	54	28.9	49.6
Leucadia National	6	39.7[b]	500.0+	34	35.3	31.5
Cray Research	7	39.4	23.5	18	39.5	33.3
Hasbro	8	38.8[a]	52.5	21	39.3	3.4
Circuit City Stores	9	38.6	20.5	35	35.0	22.0
Oshkosh Truck	10	38.5[b]	–17.3	53	28.9[b]	21.0
Intergraph	11	38.4[a]	–5.2	20	39.4[a]	6.5
Wal-Mart Stores	12	38.3	27.4	28	37.4	26.6
Apple Computer	13	37.3	14.6	24	38.4	29.8
First Financial Mgmt	14	36.2	46.4	8	48.5	84.4
Mark IV Industries	15	35.1	14.9	13	40.6	113.4
General Motors EDS	16	34.9	10.2	25	38.3	13.3
Marion Laboratories	17	33.6	–54.3	107	21.7	22.0
Cardinal Distribution	18	31.9	–26.0	116	20.8	31.6
Dart Group	19	31.4	D-P	860	NM	87.8
Tandem Computers	20	30.3	21.9	26	38.0	24.2
Lockheed	21	30.2	–67.5	311	12.7	–11.8
Dairy Mart	22	29.6[b]	–72.8	4	55.0[b]	19.9
SCI Systems	23	29.6	–65.3	10	45.0	23.8
Berkshire Hathaway	24	29.0	32.7	109	21.5	6.1
Dillard Dept Stores	25	28.7	26.8	83	24.2	13.9
Precision Castparts	26	28.5	–18.2	92	23.2	3.6
Arden Group	27	28.3	20.7	824	–3.2	–2.1
Burlington Coat	28	28.1	2.7	27	37.6	18.2
Toys "R" Us	29	27.7	23.0	61	27.0	18.9
Progressive	30	27.5	28.0	57	28.1	14.1
Brunswick	31	27.2	P-D	409	10.5	–11.6
Food Lion	32	26.5	21.2	56	28.4	26.3
Gap	33	26.5	53.4	202	16.1	23.3
Enstar Group	34	26.3	P-D	19	39.4	1.5
Tyson Foods	35	25.4	22.0	101	22.2	31.1
Waste Management	36	24.9	23.8	66	26.4	26.4
Circus Circus	37	24.5	13.7	99	22.4	2.3
Stone Container	38	24.0	13.1	44	31.7	32.4
Bruno's	39	23.8	17.0	143	18.8	11.1
Shaw Industries	40	23.8	48.3	132	19.6	15.6
State Street Boston	41	23.7	13.6	237	14.8	20.3
Esselte Business Sys	42	23.2[b]	–3.5	250	14.4a	2.0
Ryland Group	43	23.1	2.2	102	22.0	7.0
Washington Post	44	23.1	–37.9	420	10.3	5.3
Pic'N'Save	45	23.0	–7.6	131	19.7	18.3
20th Century Inds	46	22.9	78.1	51	29.9	16.3
NIKE	47	22.7	38.4	60	27.9	26.0
Mercury General	48	22.7[b]	–37.7	49	30.4[b]	16.4
VF	49	22.2	–1.9	146	18.6	–2.2
New York Times	50	22.0	117.9	295	13.2	–1.8

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. a: Nine-year average. b: Eight-year average.

	Earnings per share			Sales		
Company	rank	10-year average %	latest 12 months %	rank	10-year average %	latest 12 months %
Safety-Kleen	51	22.0	18.4	160	18.0	17.1
Philips Industries	52	21.9	–1.3	245	14.7	21.3
Marshall Industries	53	21.8[a]	–4.8	108	21.5	14.4
Hechinger	54	21.6[a]	–21.0	90	23.7[a]	23.2
CDI	55	21.6	30.2	234	14.9	24.3
Sherwin-Williams	56	21.1	8.2	690	5.4	9.7
Carter-Wallace	57	21.1	15.6	373	11.2	6.0
Fuqua Industries	58	20.9	P-D	840	–5.3	3.5
Getty Petroleum	59	20.8	3.6	58	28.0	–11.4
CR Bard	60	20.7	1.9	256	14.3	6.4
Federal Express	61	20.6	–18.4	30	36.9	41.6
Helene Curtis Inds	62	20.6	20.1	187	16.8	25.5
Charming Shoppes	63	20.6	41.9	73	25.3	14.4
Ralston Purina	64	20.6	14.4	765	3.2	13.3
Browning-Ferris Inds	65	20.5	15.2	166	17.7	23.4
Hartford Steam Boiler	66	20.3	11.0	354	11.6	6.3
Comdisco	67	20.3	500.0+	100	22.3	31.0
Nordstrom	68	20.3	20.3	87	23.9	19.2
Loews	69	20.2	6.4	351	11.7	8.6
Landmark Land	70	20.2	D-D	36	35.0	54.5
Dibrell Brothers	71	20.1	43.1	762	3.3	26.5
Valspar	72	20.1	16.6	144	18.8	3.5
Marriott	73	20.0	13.4	130	19.8	11.9
Golden West Finl	74	19.9	15.6	158	18.1	37.0
Syntex	75	19.8	4.1	368	11.3	5.7
Giant Food	76	19.7	23.5	436	10.1	9.6
Super Food Services	77	19.5	9.4	553	7.9	7.5
General Cinema	78	19.5	500.0+	469	9.3	–0.9
Geico	79	19.4	9.0	386	10.9	7.7
Pep Boys	80	19.3	9.7	222	15.2	19.8
Intel	81	19.3	–34.1	192	16.7	8.8
Olsten	82	19.2	17.4	89	23.7	16.9
Alexander & Baldwin	83	19.2	72.6	590	7.3	20.6
Citizens & Southern	84	19.0	12.5	139	19.0	17.2
Highland Superstores	85	19.0[b]	P-D	40	32.2[b]	11.1
Humana	86	18.9	11.3	199	16.3	19.0
United Stationers	87	18.5[a]	6.7	85	24.0[a]	13.2
Smithfield Foods	88	18.5[a]	–65.2	82	24.2[a]	–4.5
Great Lakes Chemical	89	18.5	27.0	141	18.9	28.9
Nacco Industries	90	18.5	3.8	641	6.4	72.6
Shoney's	91	18.5	–69.9	157	18.2	13.2
Anheuser-Busch Cos	92	18.5	12.2	230	15.0	5.5
Bandag	93	18.4	15.0	710	5.0	9.4
Deluxe	94	18.4	6.1	291	13.2	16.5
General Public Utils	95	18.3	–0.8	564	7.7	3.1
UST Inc	96	18.3	16.9	347	11.9	7.3
Family Dollar Stores	97	18.2	–20.4	138	19.1	13.1
Abbott Laboratories	98	18.1	16.4	333	12.3	7.5
Dixie Yarns	99	18.1	–28.0	429	10.1	–4.1
Kelly Services	100	18.1	15.9	195	16.5	7.1
Dow Jones	101	18.1	30.3	232	14.9	3.4
A Schulman	102	18.1	11.7	479	9.2	4.5
Torchmark	103	17.9	22.6	151	18.3	0.6
Philip Morris Cos	104	17.8	11.9	180	17.2	46.1
American Family	105	17.8	–24.6	103	22.0	7.3
Hannaford Bros	106	17.8	27.6	339	12.1	24.7
Rubbermaid	107	17.7	15.3	190	16.7	13.8
Village Super Market	108	17.7	–17.4	389	10.9	5.9
TBC	109	17.7	8.3	424	10.3	0.5
General Dynamics	110	17.7[a]	–11.4	360	11.4	4.9
Molex	111	17.6	–8.5	136	19.3	9.1
Herman Miller	112	17.5	–7.2	171	17.5	7.5
Analog Devices	113	17.3	17.4	135	19.3	7.9
Capital Cities/ABC	114	17.3	16.5	43	31.7	–2.1
Dean Foods	115	17.3	38.3	283	13.4	9.9
PH Glatfelter	116	17.2	27.0	430	10.1	8.5
CBS	117	17.1	–79.4	860	NM	3.2
Holly Corp	118	16.8	45.3	860	NM	–1.3
FMC	119	16.7	51.9	860	NM	6.5
E-Systems	120	16.5	10.8	221	15.3	15.7
Walgreen	121	16.5	19.0	216	15.4	10.2
Dun & Bradstreet	122	16.4	18.6	150	18.4	6.2
Tucson Electric	123	16.2[a]	P-D	301	13.0[a]	14.8
ConAgra	124	16.1	25.4	32	36.4	28.3
Sysco	125	16.1	5.9	165	17.8	46.4
GenCorp	126	16.0	3.6	860	NM	7.0
Salem Carpet Mills	127	16.0	12.9	488	9.0	3.9
Rollins	128	15.9[a]	–6.7	702	5.2[a]	5.3
Rite Aid	129	15.9	–2.1	257	14.3	12.5
Automatic Data	130	15.9	14.6	167	17.7	6.4
Loral	131	15.8	1.8	65	26.7	–12.8
Blair	132	15.8	–8.6	606	7.1	3.8
Digital Equipment	133	15.8	–17.1	98	22.5	8.8
Barnett Banks	134	15.8	10.1	63	26.8	16.7
Leggett & Platt	135	15.7	18.1	200	16.1	26.0
American Intl Group	136	15.6	15.7	117	20.6	8.9
Handleman	137	15.6	16.6	381	11.0	15.6
Cincinnati Financial	138	15.5	–3.9	259	14.2	6.3
Tandy	139	15.5	3.4	266	13.8	8.7
McDonald's	140	15.4	14.5	335	12.3	11.7
Rockwell Intl	141	15.4	–5.6	496	8.9	4.8
Cooper Tire & Rubber	142	15.3	50.0	399	10.8	17.0
La-Z-Boy Chair	143	15.3	1.4	260	14.2	9.5
Phillips-Van Heusen	144	15.3	14.7	688	5.4	14.3
Signet Banking	145	15.2[b]	–18.5	292	13.2[b]	2.0
Hewlett-Packard	146	15.2	4.8	175	17.4	21.0
Pall	147	15.1	–2.6	197	16.4	15.8
Ames Dept Stores	148	15.1	–89.2	50	30.3	109.8
WR Berkley	149	15.1	0.0	113	21.0	2.2
Amdahl	150	14.9	–14.2	133	19.5	16.2
Caesars World	151	14.8	–14.7	294	13.2	6.8
Armstrong World Inds	152	14.7	0.0	587	7.4	11.9
Albertson's	153	14.7	23.8	398	10.8	15.1
Mercantile Stores	154	14.7	7.9	458	9.6	2.7
Strawbridge	155	14.7	4.8	395	10.8	6.1
RR Donnelley & Sons	156	14.6	10.6	290	13.2	12.2
First Wachovia	157	14.6[b]	13.2	431	10.1[b]	20.9
HJ Heinz	158	14.6	14.2	539	8.0	9.2
Schultz Sav-O Stores	159	14.5	25.6	665	5.9	9.6
Kellogg	160	14.5	1.6	487	9.0	10.3
James River Corp Va	161	14.5	12.5	22	39.1	10.0
Kaman	162	14.4	–70.3	437	10.0	8.2
Longview Fibre	163	14.4	–18.0	586	7.4	10.9
Bankers Trust NY	164	14.3	P-D	492	8.9	16.1
Rouse	165	14.3	–25.8	179	17.2	9.5
Bob Evans Farms	166	14.2	–0.2	220	15.3	5.4
Medtronic	167	14.2	7.3	387	10.9	8.9
Newell Co	168	14.2	39.7	88	23.7	10.4
Jostens	169	14.1	–40.9	417	10.4	32.4
Rohm & Haas	170	14.1	–11.9	696	5.3	6.5
Tribune	171	14.1	22.0	489	9.0	5.1
CoreStates Financial	172	14.0	14.3	300	13.0	17.7
Quaker Oats	173	14.0	–17.2	406	10.6	4.4
Service Corp Intl	174	14.0	46.5	106	21.8	4.6
American Water	175	14.0	–7.1	461	9.5	3.7
Banta	176	14.0	47.2	329	12.4	36.3
Standard Register	177	14.0	3.1	349	11.8	6.5
Federal Paper Board	178	14.0	88.0	352	11.7	18.0
Kellwood	179	13.9	11.6	805	1.5	10.6
First Union	180	13.9	–0.7	67	26.4	14.4
Hershey Foods	181	13.8	–21.6	442	9.9	11.6
Pitney Bowes	182	13.7	9.1	359	11.5	8.6
American Stores	183	13.7	–29.1	86	24.0	25.7
Wallace Computer Svs	184	13.7	15.4	248	14.5	12.0

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WHO'S WHERE IN GROWTH

	Earnings per share			Sales		
Company	rank	10-year average %	latest 12 months %	rank	10-year average %	latest 12 months %
Commerce Clearing	185	13.6	–25.1	331	12.4	12.1
Bergen Brunswig	186	13.6	22.2	78	24.9	12.5
Collins Foods Intl	187	13.6	12.3	297	13.1	–2.5
Walt Disney	188	13.6	34.2	174	17.4	33.6
Seagram	189	13.6	8.0	575	7.5	32.3
Pfizer	190	13.6	–6.8	565	7.7	4.8
Sovran Financial	191	13.6[b]	12.2	236	14.9[b]	17.7
Premier Industrial	192	13.5	16.3	536	8.1	10.7
Flowers Industries	193	13.5	–34.9	369	11.3	8.6
Merck	194	13.5	26.4	451	9.8	9.0
Bank of Boston	195	13.5	–30.7	308	12.8	27.3
Clorox	196	13.5	–8.0	692	5.3	8.1
Grumman	197	13.4	368.1	410	10.5	4.6
Capital Holding	196	13.4	86.8	201	16.1	27.0
Trinova	199	13.3	–56.1	676	5.7	5.9
May Dept Stores	200	13.3	5.2	382	11.0	–1.6
Florida Rock Inds	201	13.2	–8.7	425	10.2	19.4
HomeFed	202	13.1	6.6	162	17.9	23.8
Corroon & Black	203	13.1	–67.1	268	13.8	10.8
National Medical	204	13.1	0.0	42	31.7	15.5
Hillenbrand Inds	205	13.0	4.3	310	12.8	15.7
Melville	206	13.0	15.0	247	14.5	12.7
Selective Insurance	207	13.0	–3.1	276	13.6	9.9
EG&G	208	12.9	6.8	345	11.9	20.8
Sonoco Products	209	12.9	23.6	224	15.2	5.2
Brown-Forman	210	12.8	53.7	212	15.6	–5.5
SouthTrust	211	12.8	7.3	269	13.8	22.7
Weis Markets	212	12.8	6.8	526	8.4	7.8
Alberto-Culver	213	12.8	13.1	337	12.2	18.6
First of America Bank	214	12.8	16.8	124	20.3	19.8
Sara Lee	215	12.8	22.4	454	9.6	8.7
Masco	216	12.7	–11.7	281	13.4	25.6
Apogee Enterprises	217	12.7	14.3	152	18.3	41.3
CalFed	218	12.6	–48.6	104	21.9	11.5
PepsiCo	219	12.6	22.6	443	9.9	19.1
BayBanks	220	12.6	–5.5	229	15.0	23.2
Stanhome	221	12.6	17.5	470	9.3	13.2
Russell	222	12.5	15.5	357	11.5	24.0
Worthington Inds	223	12.5	5.5	205	15.9	8.1
UtiliCorp United	224	12.4	1.1	127	20.1	2.8
Martin Marietta	225	12.4	–27.4	356	11.6	3.2
Yellow Freight Sys	226	12.4	4.2	393	10.9	11.9
Hanover Insurance	227	12.4	–19.6	242	14.7	2.3
Tele-Communications	228	12.4	P-D	15	40.4	32.2
Old Kent Financial	229	12.4	12.5	163	17.9	24.8
PNC Financial	230	12.3	29.9	147	18.4	29.1
Firstar	231	12.3	29.6	625	6.8	16.4
Figgie Intl	232	12.3	5.8	706	5.1	18.5
Lowe's Cos	233	12.3	35.5	252	14.4	7.0
Equifax	234	12.2	6.5	484	9.1	13.8
Circle K	235	12.2	–90.7	94	23.1	33.6
Interlake	236	12.0	–72.2	820	–2.4	7.6
PPG Industries	237	12.0	0.5	611	7.1	4.2
Chemical Banking	238	12.0	P-D	499	8.8	8.9
Block Drug	239	12.0	8.2	440	10.0	8.6
Owens & Minor	240	12.0	–46.6	120	20.4	24.0
Rose's Stores	241	11.9	–25.5	314	12.6	5.4
South Carolina Natl	242	11.9	7.6	182	17.1	19.6
Durr-Fillauer	243	11.8	138.2	95	23.0	18.1
Wm Wrigley Jr	244	11.8	23.7	683	5.5	10.6
Safeco	245	11.8	36.4	421	10.3	13.0
Super Valu Stores	246	11.8	12.8	289	13.3	10.1
Gannett	247	11.8	11.0	215	15.5	6.5
Marsh & McLennan	248	11.7	–1.2	178	17.2	6.1
Scott Paper	249	11.7	–0.3	446	9.9	11.3
Modine Manufacturing	250	11.7	–9.4	482	9.1	5.9
CNA Financial	251	11.6	38.6	302	13.0	13.4

	Earnings per share			Sales		
Company	rank	10-year average %	latest 12 months %	rank	10-year average %	latest 12 months %
Banc One	252	11.6	2.8	154	18.2	21.8
DWG	253	11.6	P-D	76	25.1	6.3
MNC Financial	254	11.5	17.0	231	14.9	22.2
Times Mirror	255	11.5	10.9	517	8.5	8.6
Arvin Industries	256	11.5	–37.7	322	12.5	11.9
Wetterau	257	11.5	12.4	194	16.5	12.0
Archer Daniels	258	11.5	25.1	325	12.5	8.7
Bank of New England	259	11.4[a]	–12.8	140	19.0[a]	19.1
Millipore	260	11.4	–1.6	206	15.8	8.3
General Re	261	11.4	36.8	228	15.0	–8.6
Air Express Intl	262	11.4	–13.6	405	10.7	2.7
HB Fuller	263	11.3	–33.9	372	11.2	13.3
Borden	264	11.3	P-D	712	5.0	7.9
Florida Natl Banks	265	11.2	P-D	125	20.2	6.9
Universal	266	11.2	–23.3	537	8.1	13.4
Consolidated Papers	267	11.1	10.2	588	7.4	6.3
Potomac Electric	268	11.1	–1.9	608	7.1	–0.6
Illinois Tool Works	269	11.0	16.2	169	17.6	11.1
Fay's	270	11.0	33.1	287	13.3	8.5
Snap-on Tools	271	11.0	1.1	452	9.8	5.2
Amer Home Prods	272	10.9	10.0	705	5.1	5.8
Coca-Cola	273	10.9	24.3	637	6.5	5.3
Lukens	274	10.9	20.4	707	5.1	10.7
Hubbell	275	10.8	10.7	605	7.1	7.1
USG	276	10.8	–39.1	549	7.9	–9.3
CalMat	277	10.7[b]	0.5	320	12.6[b]	11.5
McGraw-Hill	278	10.7	7.0	502	8.7	–1.7
H&R Block	279	10.7	12.4	183	17.1	15.5
National City	280	10.6[a]	42.6	208	15.8[a]	16.9
Lance	281	10.6	1.6	566	7.7	11.1
Avery International	282	10.5	73.0	340	12.1	9.5
JC Penney	283	10.5	42.2	748	3.8	2.1
Thermo Electron	284	10.5	19.4	246	14.6	27.2
Meredith	285	10.4	–10.6	543	8.0	10.0
Bancorp Hawaii	286	10.4	0.5	280	13.5	28.7
Carl Karcher	287	10.4	49.6	271	13.7	20.7
Bemis	288	10.3	23.0	727	4.5	3.7
Chase Manhattan	289	10.3	P-D	595	7.2	18.5
Ecolab	290	10.3	–6.3	516	8.5	8.3
Bausch & Lomb	291	10.2	15.3	640	6.4	27.4
Interpublic Group	292	10.2	17.1	305	12.9	15.8
Eli Lilly	293	10.1	21.8	613	7.0	12.8
NCNB	294	10.1	67.2	115	20.9	91.0
Kimball International	295	10.1	15.0	392	10.9	16.0
National Service	296	10.0	9.7	512	8.5	8.9
Midlantic	297	10.0	22.3	69	26.0	25.2
INB Financial	298	10.0	25.8	397	10.8	20.9
Security Pacific	299	10.0	64.3	244	14.7	19.1
Crestar Financial	300	9.9	22.3	255	14.4	15.8
Holiday	301	9.9	–29.4	763	3.2	–2.0
Raychem	302	9.9	–70.0	275	13.6	–1.3
Wisconsin Energy	303	9.9	–18.5	636	6.5	0.8
Citicorp	304	9.9	–3.1	317	12.6	19.6
AH Robins	305	9.9	D-P	413	10.5	–0.9
Echlin	306	9.8	–28.6	173	17.4	12.4
Diebold	307	9.8	1.2	698	5.2	1.3
National Education	308	9.8	7.0	62	27.0	1.1
Tambrands	309	9.8	–12.4	270	13.7	4.0
Zenith National Ins	310	9.8	–4.4	80	24.5	–6.4
Curtice Burns Foods	311	9.8	1.9	447	9.9	21.1
Becton Dickinson	312	9.8	34.7	548	7.9	6.0
United Brands	313	9.7	24.2	860	NM	9.1
Scientific-Atlanta	314	9.6	27.3	172	17.5	12.2
Merrill Lynch	315	9.6	149.4	118	20.6	23.7
NBD Bancorp	316	9.5	15.1	390	10.9	18.1
KeyCorp	317	9.5	37.6	68	26.4	22.4
Marshall & Ilsley	318	9.5	6.9	209	15.7	17.4

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	Earnings per share			Sales		
Company	rank	10-year average %	latest 12 months %	rank	10-year average %	latest 12 months %
Johnson & Johnson	319	9.5	14.9	528	8.3	7.5
Dover	320	9.4	6.6	341	12.1	10.5
WW Grainger	321	9.4	7.6	518	8.5	11.7
Warner-Lambert	322	9.3	22.0	807	1.3	8.6
Valmont Industries	323	9.3	48.2	159	18.1	24.8
Chubb	324	9.2	20.7	240	14.7	8.4
Willamette Inds	325	9.2	11.6	619	6.9	12.8
AMP	326	9.2	−1.8	366	11.3	7.9
Knight-Ridder	327	9.1	55.0	466	9.4	9.8
Raytheon	328	9.0	10.5	514	8.5	7.9
Dow Chemical	329	9.0	32.1	679	5.7	10.4
Consolidated Edison	330	9.0	5.6	703	5.2	6.0
Genuine Parts	331	8.9	13.0	473	9.3	8.5
Vulcan Materials	332	8.9	−0.4	735	4.4	5.2
HON Industries	333	8.9	109.7	296	13.1	8.1
Genesco	334	8.9	53.1	848	−7.0	8.6
Crown Cork & Seal	335	8.8	7.5	776	2.9	3.0
McDonnell Douglas	336	8.8	−57.3	293	13.2	5.2
Baltimore G&E	337	8.8	−13.3	623	6.8	8.5
Society	338	8.7	13.5	181	17.2	17.3
K mart	339	8.7	1.4	491	8.9	5.8
First American Finl	340	8.7	−28.2		NA	13.1
General Electric	341	8.7	33.1	529	8.3	10.1
AmSouth Bancorp	342	8.7	27.0	278	13.5	15.7
Northern Trust	343	8.6	356.5	609	7.1	27.9
Westinghouse	344	8.6	−3.4	691	5.4	5.7
Household Intl	345	8.6	2.7	855	−9.0	120.0
Commerce Bcshs	346	8.6	25.8	433	10.1	18.2
Bank of New York	347	8.6	P-D	282	13.4	119.0
Nucor	348	8.6	49.7	397	10.8	20.4
Betz Laboratories	349	8.6	16.7	438	10.0	16.5
Unisys	350	8.6	P-D	213	15.6	1.8
Upjohn	351	8.5	9.2	649	6.3	8.7
Laclede Gas	352	8.5	−7.6	754	3.5	1.9
Campbell Soup	353	8.4	−89.6	474	9.3	16.7
Ball Corp	354	8.4	−58.8	556	7.8	8.9
Computer Sciences	355	8.4	15.3	338	12.2	18.8
Centex	356	8.3	89.2	622	6.8	19.5
Ryder System	357	8.3	−42.8	225	15.1	3.4
Bindley Western Inds	358	8.3[a]	118.5	156	18.2[a]	21.6
First Tennessee Natl	359	8.3	−26.7	375	11.2	15.2
Longs Drug Stores	360	8.3	10.2	385	11.0	9.8
Phelps Dodge	361	8.2	40.0	860	NM	22.4
San Diego G&E	362	8.1	−6.2	346	11.9	−2.4
Tyco Laboratories	363	8.1	12.6	105	21.9	22.6
Air Prods & Chems	364	8.1	3.6	584	7.4	8.6
AG Edwards	365	8.1	93.2	185	17.0	15.3
Emerson Electric	366	8.0	13.9	400	10.8	6.3
Rorer Group	367	8.0[a]	18.2	217	15.4[a]	10.6
Goodyear	368	8.0	−46.7	778	2.8	3.3
Geo A Hormel	369	8.0	16.6	664	5.9	2.1
Seaboard	370	7.9	55.4	860	NM	36.2
Carolina Freight	371	7.9	63.3	253	14.4	4.9
Dominion Bankshares	372	7.9	10.7	168	17.7	20.0
NCR	373	7.8	−0.4	545	8.0	−0.6
Meridian Bancorp	374	7.8[a]	8.0	191	16.7[a]	12.0
No States Power	375	7.7	−9.3	593	7.3	1.2
Gt Northern Nekoosa	376	7.7	12.8	370	11.3	14.1
Ruddick	377	7.6	9.5	365	11.3	17.8
Aon	378	7.6	25.9		NA	NA
American Natl Ins	379	7.6	20.9	722	4.6	8.4
Rykoff-Sexton	380	7.5[a]	7.2	114	21.0[a]	12.8
Ipalco Enterprises	381	7.5	−0.4	610	7.1	−0.9
First Chicago	382	7.4	26.5	633	6.6	12.9
Cincinnati Bell	383	7.4	4.9	465	9.4	20.8
McCormick & Co	384	7.4	303.4	401	10.8	6.5
Chesapeake	385	7.4	2.4	239	14.8	12.0
WPL Holdings	386	7.4	−27.9	654	6.3	3.0
Southwest Gas	387	7.4	−13.8	267	13.8	−1.3
Comerica	388	7.3	−29.2	388	10.9	20.2
Allegheny Power	389	7.3	−1.3	542	8.0	1.6
Noland	390	7.2	−46.9	630	6.7	0.2
Florida Progress	391	7.2	9.9	416	10.4	3.3
Hartmarx	392	7.2	−24.2	597	7.2	8.8
Westvaco	393	7.2	11.3	678	5.7	7.0
Kimberly-Clark	394	7.2	12.2	422	10.3	7.7
Huntington Bcshs	395	7.2	34.6	189	16.7	20.2
PS Group	396	7.2	−85.8	860	NM	−10.6
Provident Life & Acc	397	7.1	107.5	307	12.8	1.2
Mfrs Hanover	398	7.1	P-D	463	9.4	10.0
Hadson	399	7.1[b]	P-D	860	NM	30.8
Quantum Chemical	400	7.1	6.6	713	5.0	−0.2
Jefferson-Pilot	401	7.1	45.0	724	4.6	10.8
Washington Gas Light	402	7.1	−3.6	604	7.1	13.8
PHH	403	7.1	130.3	77	25.0	7.6
Monsanto	404	7.0	14.3	764	3.2	3.6
Rohr Industries	405	7.0	2.7	538	8.1	15.2
National Fuel Gas	406	6.9	17.0	768	3.1	11.3
Loctite	407	6.9	27.1	460	9.5	8.3
Northeast Utilities	408	6.9	10.1	533	8.2	−2.7
Stanley Works	409	6.9	15.2	504	8.7	3.4
SCEcorp	410	6.8	−7.1	478	9.2	11.4
Reynolds & Reynolds	411	6.8	50.6	249	14.5	0.3
Springs Industries	412	6.8	49.6	464	9.4	6.2
Kentucky Utilities	413	6.8	−10.7	645	6.3	−6.1
IBM	414	6.8	7.2	353	11.7	9.3
Alltel	415	6.7[a]	−14.2	419	10.3[a]	20.0
Minnesota Power & Lt	416	6.7	47.6	701	5.2	7.7
American Brands	417	6.7	3.7	644	6.4	−3.9
Hercules	418	6.7	−13.0	791	2.3	12.3
Intl Flavors & Frags	419	6.7	8.7	589	7.3	2.9
Nash Finch	420	6.6	−42.6	456	9.6	7.7
Textron	421	6.6	4.2	480	9.1	2.5
Pioneer Hi-Bred Intl	422	6.6	59.3	315	12.6	−0.9
Piedmont Natural Gas	423	6.6	−11.2	332	12.3	8.9
Kansas Power & Light	424	6.6	−15.5	153	18.3	−9.2
Jamesway	425	6.6	−50.0	238	14.8	10.9
Equitable Resources	426	6.6	21.6	686	5.5	9.7
Fleming Cos	427	6.6	50.0	177	17.3	30.7
Pentair	428	6.5	−15.7	122	20.3	37.7
Universal Foods	429	6.5	43.4	485	9.1	16.4
CPC International	430	6.5	14.8	769	3.1	8.6
HF Ahmanson	431	6.5	7.1	306	12.8	27.7
Marsh Supermarkets	432	6.5	33.1	540	8.0	2.4
Chemed	433	6.4	6.3	737	4.3	30.5
Exxon	434	6.4	−23.9	860	NM	4.8
American Greetings	435	6.3	32.2	277	13.5	2.0
Wisconsin Public Svc	436	6.3	−11.8	667	5.8	0.7
BMA	437	6.3	197.5	562	7.8	4.0
Dominion Resources	438	6.2	−13.8	551	7.9	10.7
Oklahoma G&E	439	6.2	−15.5	580	7.5	0.4
Ameritrust	440	6.2	37.8	510	8.6	15.8
Southern Company	441	6.2	12.8	423	10.3	1.6
FW Woolworth	442	6.1	8.7	860	NM	10.8
SPX	443	6.1	89.3	243	14.7	−17.0
Central & So West	444	6.1	−23.9	628	6.8	−0.2
Eaton	445	6.0	7.6	794	1.9	7.7
First American Corp	446	6.0	−58.0	184	17.0	11.6
So N England Telecom	447	5.9	23.1	493	8.9	7.4
Witco	448	5.9	28.6	677	5.7	1.4
Delchamps	449	5.9[a]	25.4	235	14.9[a]	4.6
Southwestern Pub Svc	450	5.9	−2.0	477	9.3	0.6
American Cyanamid	451	5.9	8.3	749	3.7	5.8
Texas Utilities	452	5.9	−6.0	414	10.5	2.6

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. a: Nine-year average. b: Eight-year average.

WHO'S WHERE IN GROWTH

	Earnings per share			Sales		
Company	rank	10-year average %	latest 12 months %	rank	10-year average %	latest 12 months %
Olin	453	5.8	26.8	795	1.7	15.7
Outboard Marine	454	5.8	–2.7	594	7.3	–8.8
Thomas & Betts	455	5.8	–3.0	505	8.6	7.5
Morrison	456	5.8	14.5	363	11.4	19.2
Alaska Air Group	457	5.8	45.0	70	25.8	12.2
TECO Energy	458	5.7	12.7	441	10.0	3.3
Consol Natural Gas	459	5.6	–21.6	770	3.1	10.6
Kansas City P&L	460	5.5	–18.3	535	8.1	–1.8
Commonwealth Ener	461	5.5	21.2	646	6.3	14.4
Gt Western Financial	462	5.5	17.2	142	18.9	92.1
AM Castle & Co	463	5.5	–31.6	730	4.4	8.1
Minn Mining & Mfg	464	5.4	13.9	583	7.4	11.9
Nalco Chemical	465	5.4	14.6	689	5.4	9.0
Kemper	466	5.4	82.6	129	20.0	16.3
Johnson Controls	467	5.4	–9.9	207	15.8	18.8
Louisville G&E	468	5.3	–0.6	591	7.3	3.2
FPL Group	469	5.2	–1.8	312	12.7	4.1
AVX Corp	470	5.2	–45.2	211	15.7	1.3
Paramount Commun	471	5.2	2.4	827	–3.7	–22.9
Riggs National	472	5.2	90.4	407	10.6	26.8
US Bancorp	473	5.2	35.9	321	12.5	19.9
Warner Commun	474	5.2	–61.7	557	7.8	35.3
Consol Freightways	475	5.1	–17.1	660	6.2	34.6
Hilton Hotels	476	5.0	–22.5	656	6.2	7.1
Hawaiian Electric	477	5.0	24.3	592	7.3	20.8
Delmarva Power & Lt	478	5.0	3.8	635	6.6	3.1
Dayton Hudson	479	5.0	59.3	219	15.3	12.5
Varian Associates	480	5.0	20.5	448	9.8	14.8
Atlantic Energy	481	4.9	–1.1	449	9.8	5.4
Scana	482	4.9	5.6	483	9.1	4.0
Atlanta Gas Light	483	4.9	–15.6	550	7.9	–3.8
Southdown	484	4.8	–4.8	467	9.4	24.2
Corning	485	4.8	–21.2	721	4.6	12.0
Winn-Dixie Stores	486	4.7	16.7	598	7.2	2.8
Duke Power	487	4.7	–9.6	379	11.1	–2.1
Peoples Energy	488	4.7	3.5	793	2.1	6.4
Equitable of Iowa	489	4.7	37.6		NA	16.2
Iowa-Illinois G&E	490	4.6	1.5	673	5.7	–0.8
Whirlpool	491	4.6	–14.2	522	8.4	28.3
Orange & Rockland	492	4.5	–14.5	687	5.4	10.7
American General	493	4.5	14.5	164	17.8	19.1
Liberty Corp	494	4.5	–54.5		NA	–5.0
St Paul Cos	495	4.4	8.0	506	8.6	8.9
Moore Corp	496	4.4	19.8	700	5.2	6.6
Dexter	497	4.3	15.2	617	6.9	2.3
Alco Standard	498	4.3	71.2	459	9.6	8.8
Sears, Roebuck	499	4.3	–18.6	523	8.4	8.4
CILcorp	500	4.3	49.6	759	3.3	–2.5
Schering-Plough	501	4.3	21.4	532	8.2	7.9
Centel	502	4.3	75.2	621	6.9	–19.6
Nortek	503	4.2	D-D	41	32.0	–8.8
American Bankers	504	4.2	–29.6	251	14.4	–15.8
Southwest Airlines	505	4.2	61.5	71	25.5	18.9
Rochester Telephone	506	4.2	22.3	344	12.0	13.9
Guilford Mills	507	4.2	–4.8	313	12.7	5.6
Old Republic Intl	508	4.1	–46.6	170	17.6	8.4
Wendy's Intl	509	4.1	–3.7	137	19.3	–0.2
Coastal Corp	510	4.1	35.8	531	8.3	4.2
Commonwealth Ed	511	4.0	–15.3	495	8.9	5.4
Union Pacific	512	4.0	7.6	642	6.4	0.8
Union Camp	513	4.0	17.1	620	6.9	7.2
Wackenhut	514	4.0	–4.8	361	11.4	9.3
USAir Group	515	4.0	–65.5	123	20.3	16.5
Commercial Metals	516	4.0	15.1	860	NM	14.7
Hughes Supply	517	3.9	–7.6	262	14.0	6.9
Brooklyn Union Gas	518	3.9	1.2	511	8.6	7.8
TRW	519	3.9	–6.7	697	5.3	1.8
Perkin-Elmer	520	3.8	P-D	618	6.9	–32.7
EI du Pont de Nemours	521	3.7	19.1	364	11.4	8.4
Tecumseh Products	522	3.7	16.6	787	2.4	33.0
GTE	523	3.7	10.0	632	6.6	5.4
United Technologies	524	3.6	–2.7	519	8.5	12.9
Public Service Colo	525	3.6	48.6	560	7.8	2.3
Boeing	526	3.5	32.6	428	10.2	21.6
Lincoln National	527	3.5	94.4	330	12.4	14.2
Parker Hannifin	528	3.5	–9.3	394	10.8	7.9
Pub Svc Enterprise	529	3.4	1.2	614	7.0	8.4
Foremost Corp	530	3.4	–28.5	497	8.9	0.6
Cincinnati G&E	531	3.3	63.8	653	6.3	2.2
Wicor	532	3.2	–0.2	500	8.8	0.8
Houston Industries	533	3.2	–24.9	486	9.0	4.0
Ohio Edison	534	3.1	–23.4	507	8.6	5.7
Valley National	535	3.0	P-D	371	11.2	7.3
Multimedia	536	2.9	89.0	236	14.9	5.6
Square D	537	2.9	11.4	570	7.6	3.4
Central Ill Pub Svc	538	2.8	0.9	744	4.1	–1.6
American Electric	539	2.7	10.1	638	6.5	4.9
Intl Multifoods	540	2.6	–5.4	650	6.3	10.2
Constar Intl	541	2.1	120.9	783	2.5	3.7
Midwest Energy	542	1.7	15.5	418	10.4	–1.3
DQE	543	1.6	3.6	694	5.3	11.6
USLife	544	1.6	16.9	717	4.7	10.8
Beneficial Corp	545	1.5	–7.0	843	–6.0	24.3
Pinnacle West	546	1.3	P-D	319	12.6	8.7
Pennsylvania P&L	547	1.3	–2.9	334	12.3	1.4
Central Maine Power	548	–1.6	–34.4	403	10.7	8.0
Preston	549	–2.3	–27.0	218	15.4	6.7
Adolph Coors	550	–2.5	–27.3	521	8.4	15.4
Entergy	551	–2.7	P-D	569	7.6	8.6
UGI	552	–2.7[a]	1.7	750	3.7	–26.0
WR Grace	553	–3.1	23.8	860	NM	11.2
Wyle Laboratories	554	–3.6	–14.8	662	6.0	3.1
Briggs & Stratton	555	–3.7	P-D	715	4.9	–7.1
Ogden	556	–4.0	39.1	856	–9.5	29.7
GATX	557	–4.1	23.3	841	–5.9	18.3
Kennametal	558	–4.2	19.0	742	4.1	13.4
Harris Corp	559	–4.4	–59.5	471	9.3	26.2
Arkla	560	–4.4	P-D	455	9.6	4.4
Interco	561	–4.5	–74.7	788	2.4	–28.5
Nicor	562	–4.7	8.2	860	NM	8.1
SPS Technologies	563	–5.0	173.4	711	5.0	3.8
Kerr-McGee	564	–5.2	66.1	860	NM	15.5
US Shoe	565	–5.4	500.0+	350	11.7	9.6
Brown Group	566	–5.6	–76.6	753	3.6	5.8
BankAmerica	567	–5.6	100.5	860	NM	17.7
Avnet	568	–5.6	12.4	652	6.3	–0.1
Nipsco Industries	569	–6.0	62.1	746	3.9	2.8
Gulf States Utils	570	–6.1	P-D	578	7.5	6.8
Xerox	571	–6.1	–35.4	439	10.0	5.6
Unocal	572	–6.1	D-P	860	NM	12.5
Bearings	573	–6.2	26.0	574	7.5	14.6
Amerada Hess	574	–6.2	D-P	832	–4.0	24.2
Lionel	575	–6.5	D-P	729	4.5	13.1
Public Service NH	576	–6.6	D-P	552	7.9	1.2
Tenneco	577	–6.8	500.0+	766	3.2	1.4
Jacobs Engineering	578	–6.8	40.7	860	NM	4.8
Schlumberger	579	–6.9	–28.5	751	3.6	–3.8
El Paso Electric	580	–6.9	P-D	279	13.5	5.8
Black & Decker	581	–6.9	–7.3	607	7.1	24.2
American Maize	582	–7.3	–53.8	719	4.7	12.3
LB Foster	583	–7.4	–63.5	822	–2.9	–1.6
Lone Star Industries	584	–7.4	3.6	837	–5.0	–27.4
Foster Wheeler	585	–7.7	345.0	830	–3.9	13.6
Columbia Gas System	586	–7.9	36.3	860	NM	–10.4

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. a: Nine-year average. b: Eight-year average.

Company	rank	Earnings per share 10-year average %	Earnings per share latest 12 months %	Sales rank	Sales 10-year average %	Sales latest 12 months %
PSI Holdings	587	–7.9	–26.3	600	7.2	–0.2
First Security	588	–8.5	33.7	680	5.6	16.7
United Banks of Colo	589	–8.5	–25.0	376	11.1	11.0
Valero Energy	590	–8.5	D-P	860	NM	11.9
Fieldcrest Cannon	591	–8.7	D-P	367	11.3	–0.1
Soo Line	592	–8.9	–92.1	434	10.1	–6.7
General Signal	593	–9.0	303.3	757	3.4	10.8
General Development	594	–9.1b	–77.1	547	8.0b	27.0
Cincinnati Milacron	595	–9.7	D-P	860	NM	–1.9
Handy & Harman	596	–10.0	39.2	860	NM	2.6
Caterpillar	597	–10.1	–6.5	860	NM	10.1
Kroger	598	–10.3	P-D	475	9.3	0.1
Quanex	599	–10.7	86.4	668	5.8	10.6
Zenith Electronics	600	–10.7	D-D	445	9.9	–23.1
Dresser Industries	601	–11.0	42.4	860	NM	0.2
National-Standard	602	–11.4	P-D	810	–1.6	2.0
Texas Industries	603	–11.9	P-D	318	12.6	6.2
Earle M Jorgensen	604	–11.9	60.3	860	NM	16.4
Deere & Co.	605	–12.0	38.6	860	NM	15.0
Intl Minerals & Chem	606	–12.2	7.2	860	NM	–14.8
Butler Manufacturing	607	–12.8	72.7	725	4.6	–2.2
Tosco	608	–13.8	–81.6	847	–6.7	3.0
Oneok	609	–13.9	437.5	860	NM	8.2
Allen Group	610	–13.9	D-P	806	1.4	3.9
Carpenter Technology	611	–14.2	4.4	798	1.6	7.4
Clark Equipment	612	–14.5	172.4	831	–3.9	11.6
Wyman-Gordon	613	–14.9	P-D	834	–4.6	29.5
Timken	614	–15.2	77.3	860	NM	9.3
Dallas Corp	615	–16.7	–68.0	612	7.1	–4.5
Fluor	616	–17.3	–40.0	860	NM	31.1
Control Data	617	–17.4	P-D	789	2.4	–7.7
Foxboro	618	–17.4	D-P	797	1.6	13.5
Mitchell Energy	619	–18.0	266.7	860	NM	3.8
Halliburton	620	–18.0	–9.8	838	–5.2	9.7
Guy F Atkinson	621	–18.5b	D-D	815	–2.2b	–8.7
Continental Bank	622	–19.3	D-P	860	NM	20.7
US Home	623	–21.0	D-D	860	NM	–5.8
Occidental Petroleum	624	–21.8a	–41.6	544	8.0	9.6
Storage Technology	625	–22.2	40.9	655	6.2	16.4
Aetna Life & Cas		NM	1.0		NA	NA
Airborne Freight		NM	94.1	273	13.7	23.2
Alcan Aluminium		NM	24.9	648	6.3	9.7
Alexander's		NM	D-P	803	1.5	–11.8
Allegheny Intl		NM	D-D	860	NM	2.3
Allied Products		NM	D-D	674	5.7	8.5
Allied-Signal		NM	18.0	286	13.3	0.3
Alcoa		NM	28.4		NA	18.0
AMAX		NM	130.3	860	NM	3.4
AMC Entertainment		NM	D-P	214	15.5	0.1
Amdura		NM	D-P	846	–6.6	111.4
American Building		NM	30.1	342	12.0	10.6
American Petrofina		NM	9.9	704	5.1	12.3
Amoco		NM	–19.8	860	NM	20.4
Ampco-Pittsburgh		NM	D-D	860	NM	–7.0
AMR		NM	43.7	384	11.0	23.1
Anacomp		NM	–65.8	72	25.4	36.0
Armco		NM	127.6	845	–6.5	–10.9
Arrow Electronics		NM	D-D	348	11.9a	2.2
Asarco		NM	–13.9	860	NM	25.3
Ashland Oil		NM	–52.9	860	NM	3.0
Atlantic Richfield		NM	31.7	860	NM	–9.0
Avon Products		NM	D-P	780	2.7	11.0
Balfour Maclaine		NM	D-P	772	3.0	23.1
Bally Manufacturing		NM	–17.0	155	18.2	6.7
Barnes Group		NM	–14.8	796	1.7	2.4
Bassett Furniture Ind		NM	7.9	631	6.7	0.5
Baxter International		NM	15.2	111	21.4	8.7

Company	rank	Earnings per share 10-year average %	Earnings per share latest 12 months %	Sales rank	Sales 10-year average %	Sales latest 12 months %
Bell Industries		NM	–50.8	378	11.1	–5.4
Best Buy Co		NM	–68.2	860	NM	1.3
Bethlehem Steel		NM	–26.5	829	–3.9	1.4
Beverly Enterprises		NM	D-D	38	34.0	3.8
Blount		NM	500.0+	415	10.4	–27.1
Boise Cascade		NM	10.6	736	4.4	6.7
Bowater		NM	6.9	572	7.6a	4.1
Cabot		NM	–75.8	728	4.5	15.5
Carlisle Cos		NM	–9.1	602	7.1	0.2
Carolina Power & Lt		NM	73.5	426	10.2	9.8
Centerior Energy		NM	P-D	685	5.5b	12.2
Central Hudson G&E		NM	–14.8	731	4.4a	5.3
Central Steel & Wire		NM	–27.0	801	1.5	–7.2
Champion Intl		NM	7.7	745	4.0	4.8
Charter		NM	–92.5	859	–16.1	7.9
Chevron		NM	–28.5	860	NM	6.6
Chrysler		NM	44.5	328	12.4	9.7
CityFed Financial		NM	D-D	64	26.7	–12.6
CMS Energy		NM	10.2	718	4.7	2.8
Coachmen Industries		NM	P-D	490	9.0	–15.0
Colgate-Palmolive		NM	47.5	808	0.9	–0.4
Columbia S&L Assn		NM	P-D	7	48.7a	13.5
Combustion Eng		NM	D-D	860	NM	6.5
Comcast		NM	D-D	29	37.1	28.0
Consolidated Rail		NM	0.2	812	–1.9	1.9
Contel		NM	92.7	309	12.8	14.0
Continental Corp		NM	P-D	554	7.9	4.7
Cooper Industries		NM	21.2	272	13.7	19.6
Copperweld		NM	6.9	851	–7.4	7.6
Cross & Trecker		NM	D-D	739	4.2	6.7
Crown Central Pet		NM	–62.8	860	NM	2.6
CBS		NM	87.8	46	30.9	9.0
CSX		NM	321.5	576	7.5	1.1
Culbro		NM	P-D	327	12.4	12.4
Cummins Engine		NM	D-D	627	6.8	10.3
Dana		NM	22.1	559	7.8	3.2
Danaher		NM	9.3	860	NM	7.0
Data General		NM	D-D	299	13.0	–3.7
Datapoint		NM	D-D	726	4.5	–5.5
Delta Air Lines		NM	38.8	402	10.7	17.0
Dennison Mfg		NM	5.3	669	5.8	8.3
DeSoto		NM	P-D	784	2.5	5.6
Detroit Edison		NM	P-D	603	7.1	5.2
Di Giorgio		NM	17.0	804	1.5	12.3
Diversified Energies		NM	–16.4	860	NM	15.8
Dollar General		NM	52.5	198	16.3	2.0
DPL		NM	35.8	647	6.3	–2.0
Dravo		NM	D-D	858	–11.9	6.3
Eagle-Picher Inds		NM	P-D	774	3.0	1.1
Eastern Enterprises		NM	21.7	860	NM	17.3
Eastman Kodak		NM	–32.1	634	6.6	12.7
Edison Bros Stores		NM	D-P	740	4.2b	9.0
Emerson Radio		NM	D-P	39	33.9	23.6
Engelhard		NM	53.5	752	3.6	3.7
Enron		NM	54.1	264	13.9	2.5
Enserch		NM	D-P	771	3.0	–3.1
Federal-Mogul		NM	–15.6	651	6.3	–6.4
Ferro		NM	5.4	716	4.8	9.5
Fin Cp Santa Barbara		NM	P-D	226	15.1	–6.1
First Bank System		NM	P-D	408	10.6	–12.8
First Interstate Bncp		NM	D-P	472	9.3	15.8
First Pennsylvania		NM	–29.8	833	–4.4	26.4
Fischbach		NM	D-D	758	3.4	–18.1
Fleetwood Enterprises		NM	26.5	391	10.9	7.9
Foodarama Supermkts		NM	–73.8	790	2.3	10.8
Ford Motor		NM	–4.5	584	8.2	7.1
Freeport-McMoRan		NM	–38.0		NA	10.7

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. a: Nine-year average. b: Eight-year average.

WHO'S WHERE IN GROWTH

	Earnings per share			Sales		
Company	rank	10-year average %	latest 12 months %	rank	10-year average %	latest 12 months %
Fremont General		NM	–44.9	571	7.6	14.3
General Host		NM	D-D	818	–2.4	12.5
General Instrument		NM	19.4	693	5.3	13.8
General Motors		NM	26.7	520	8.4[a]	5.9
Georgia-Pacific		NM	54.7	601	7.1	12.3
Gerber Products		NM	108.1	599	7.2	10.2
Gillette		NM	13.7	666	5.8	7.3
BF Goodrich		NM	6.7	811	–1.9	4.1
Goulds Pumps		NM	10.3	568	7.6	12.8
Great American Mgmt		NM	–92.7	16	39.9	33.9
Great A&P Tea		NM	21.4	760	3.3	10.3
Greyhound		NM	274.6	852	–7.4[a]	10.4
Grossman's		NM	33.3	817	–2.4	3.8
Grow Group		NM	D-P	524	8.4	5.9
MA Hanna		NM	–0.2	860	NM	8.3
Harcourt Brace		NM	P-D		NA	–21.2
Harken Energy		NM	–71.4	860	NM	80.9
Harnischfeger Inds		NM	44.4	670	5.8	17.8
Harsco		NM	P-D	761	3.3	2.9
Healthco Intl		NM	–36.8	639	6.4	–2.5
Home Depot		NM	34.2		NA	39.0
Homestead Financial		NM	D-D	31	36.6	–9.3
Honeywell		NM	P-D	672	5.7	–1.4
Horn & Hardart		NM	D-D	121	20.4	10.3
Ideal Basic Inds		NM	D-D	850	–7.2	4.7
IE Industries		NM	–10.2	682	5.6	1.0
Illinois Power		NM	P-D	659	6.2	–0.1
Imperial Corp of Am		NM	P-D	223	15.2	–5.3
Inco		NM	40.2	860	NM	39.9
Independent Insurance		NM	50.6	675	5.7	6.4
Ingersoll-Rand		NM	33.7	860	NM	14.2
Inland Steel Inds		NM	–26.1	860	NM	7.1
Inspiration Resource		NM	–16.4	468	9.4	–2.1
Intermark		NM	P-D	81	24.4	9.3
International Paper		NM	30.8	661	6.1	22.0
Iowa Resources		NM	23.7	756	3.5	6.1
ITT		NM	–16.8	813	–2.0	11.6
JWP		NM	29.1	17	39.6	87.1
Kansas City Southern		NM	P-D	546	8.0	–1.6
Kansas Gas & Elec		NM	–10.4	503	8.7	5.2
Kay Jewelers		NM	–44.9	193	16.6[b]	8.4
Kerr Glass Mfg		NM	D-D	835	–4.6	4.1
KN Energy		NM	P-D	860	NM	0.9
Lafarge		NM	5.8	481	9.1[a]	11.0
Lancaster Colony		NM	12.7	626	6.8	8.9
Lincoln Electric		NM	7.5	860	NM	32.2
Litton Industries		NM	11.4	799	1.6	3.3
Lomas Financial		NM	D-D	55	28.8	–47.1
Lone Star Tech		NM	D-D	857	–10.0[b]	8.4
Long Island Lighting		NM	P-D	515	8.5	6.1
Louisiana Land		NM	D-P	860	NM	–9.2
LTV		NM	D-P	643	6.4	–15.5
Lubrizol		NM	123.3	734	4.4	12.1
LVI Group		NM	D-D	323	12.5	–0.7
M/A-Com		NM	–98.5	233	14.9	4.0
Mack Trucks		NM	P-D	785	2.5	–5.7
Manufacturers Natl		NM	126.8	501	8.8	22.6
Mapco		NM	18.2	616	7.0	9.0
Mattel		NM	D-P	723	4.6	24.5
Maxxam		NM	167.5	860	NM	500.0+
MCA		NM	76.3	427	10.2	27.1
McDermott Intl		NM	D-D	826	–3.4	17.4
MCI Communications		NM	144.0	12	42.7	30.5
McKesson		NM	12.1	527	8.3	2.3
MDC Holdings		NM	D-D	5	54.7	1.0
Mead		NM	–33.0	695	5.3	2.1
Media General		NM	P-D	343	12.0	–15.4
Mellon Bank		NM	D-P	263	14.0	12.4
Mercantile Bancorp		NM	P-D	579	7.5	7.4
Michigan National		NM	95.4	567	7.7	44.9
Midway Airlines		NM	–22.6	33	36.0[b]	16.7
Mobil		NM	–12.9	860	NM	–4.9
Monarch Capital		NM	–35.7	265	13.9	19.7
Montana Power		NM	4.0	563	7.8	1.8
JP Morgan & Co		NM	P-D	513	8.5	38.4
Morrison Knudsen		NM	D-D	699	5.2	16.3
Motorola		NM	15.3	298	13.0	16.4
Murphy Oil		NM	D-P	860	NM	9.7
Nashua		NM	–28.5	732	4.4	–1.3
Natl Convenience		NM	P-D	285	13.3	12.2
National Intergroup		NM	D-P	819	–2.4[a]	8.1
Natl Semiconductor		NM	P-D	261	14.0	–33.2
Navistar Intl		NM	–34.8	853	–7.9	6.1
NCH		NM	18.9	663	5.9	13.5
New England Electric		NM	D-P	658	6.2	6.4
NY State E&G		NM	45.5	411	10.5	8.8
Newmont Mining		NM	75.0	842	–5.9	35.7
Niagara Mohawk Pwr		NM	–31.3	582	7.5	2.7
Norfolk Southern		NM	5.2	708	5.1	5.2
Northern Telecom		NM	–47.8	288	13.3	14.1
Northrop		NM	P-D	188	16.8	–3.2
Norton		NM	10.5	802	1.5	7.1
Norwest		NM	14.6	450	9.8	17.1
Ohio Casualty		NM	92.5	530	8.3	0.8
Orion Capital		NM	29.2	241	14.7	16.2
Orion Pictures		NM	42.1	284	13.4	10.8
Owens-Corning		NM	2.1	709	5.0	–0.3
Oxford Industries		NM	D-P	404	10.7	–3.6
Paccar		NM	16.6	684	5.5	14.7
Pacific Enterprises		NM	–19.1	355	11.6	13.8
Pacific G&E		NM	–61.1	577	7.5	14.2
PaineWebber Group		NM	–29.0	126	20.1	19.6
Pan Am		NM	D-D	782	2.6	–2.9
Panhandle Eastern		NM	D-D	860	NM	40.9
Penn Central		NM	123.5	860	NM	15.5
Perini		NM	–90.0	733	4.4	–7.4
Perry Drug Stores		NM	D-P	74	25.2	–1.8
Petrie Stores		NM	–22.1	274	13.6	5.6
Philadelphia Elec		NM	–9.4	541	8.0	4.9
Phillips Petroleum		NM	9.2	860	NM	7.1
PHM		NM	500.0+	112	21.1	13.2
Pittston		NM	D-P	823	–3.1	5.3
Polaroid		NM	107.1	786	2.5	3.3
Pope & Talbot		NM	41.3	380	11.0	27.8
Portland General		NM	14.3	462	9.4	4.8
Potlatch		NM	22.7	773	3.0	13.9
Premier Bancorp		NM	D-D	377	11.1[a]	4.6
Prime Computer		NM	P-D	79	24.6[a]	8.9
Procter & Gamble		NM	29.7	561	7.8	8.9
Public Service NM		NM	D-D	210	15.7	13.8
Puget Sound P&L		NM	–0.5	324	12.5	13.7
Quaker State		NM	18.8	755	3.5	–4.8
Questar		NM	203.8	671	5.8	–1.9
Ramada		NM	P-D	573	7.5	2.9
Republic New York		NM	P-D	161	17.9	27.2
Reynolds Metals		NM	24.7	738	4.3	15.4
Roadway Services		NM	47.9	555	7.8	23.7
HH Robertson		NM	D-D	860	NM	30.2
Rochester G&E		NM	10.8	596	7.2	6.9
Salomon		NM	58.9	854	–8.8	46.6
Santa Fe Pacific		NM	D-P	825	–3.2[a]	–19.1
Savannah Foods		NM	186.8	374	11.2	18.9
Savin		NM	D-D	860	NM	1.0
Seagate Technology		NM	500.0+		NA	7.8

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. a: Nine-year average. b: Eight-year average.

Company	Earnings per share			Sales		
	rank	10-year average %	latest 12 months %	rank	10-year average %	latest 12 months %
Seaway Food Town		NM	–52.0	747	3.9	14.3
Sequa		NM	31.0	412	10.5	11.2
Service Merchandise		NM	45.6	134	19.3	8.8
Skyline		NM	12.3	809	–1.4	13.2
AO Smith		NM	8.4	777	2.8	3.4
Smith International		NM	P-D	849	–7.0	–6.5
Sonat		NM	4.3	860	NM	23.2
Southeast Banking		NM	62.3	304	12.9	25.0
Std Commercial		NM	P-D	396	10.8	17.2
Standard Products		NM	–26.3	358	11.5	14.7
Standex International		NM	71.1	743	4.1	2.0
Stewart & Stevenson		NM	63.3	860	NM	42.8
Subaru of America		NM	D-D	227	15.1	4.4
Sundstrand		NM	D-P	624	6.8	9.9
Talley Industries		NM	500.0+	821	–2.9	21.9
Tektronix		NM	D-P	558	7.8	0.9
Teradyne		NM	D-P	196	16.4	15.4
Tesoro Petroleum		NM	D-D	839	–5.3	–32.2
Texaco		NM	D-P	860	NM	–5.7
Texas Air		NM	D-D	9	48.0	–19.2
Thorn Apple Valley		NM	–5.6	741	4.2	3.0
TIE/Communications		NM	D-D	59	28.0	–5.2
Todd Shipyards		NM	D-D	828	–3.9	–17.4
Tonka		NM	D-P	119	20.5	6.7
Toro		NM	0.0	615	7.0	1.5
Transamerica		NM	–0.5		NA	NA
Transco Energy		NM	D-D	498	8.8	–12.8
Trinity Industries		NM	110.3	720	4.7	58.3
Trustcorp		NM	P-D	91	23.3	5.8
Turner Broadcasting		NM	D-D	14	40.6[a]	27.8
Turner Corp		NM	–73.7	457	9.6	13.2
UAL		NM	–52.3	476	9.3	9.1
UNC		NM	27.4	629	6.8	6.4
Union Bank		NM	14.0	453	9.7	154.1
Union Carbide		NM	26.9	816	–2.2	9.6
Union Electric		NM	–12.0	494	8.9	–2.0
United Illuminating		NM	P-D	585	7.4	2.9
United Merchants		NM	D-D	800	1.6	–26.7
United Telecom		NM	304.6	362	11.4	134.0
Universal Health		NM	Z-P	47	30.7[a]	5.5
USF&G		NM	–79.2	444	9.9	0.0
Uslico		NM	NA		NA	NA
USX		NM	63.4	781	2.7	9.5
Varity		NM	Z-P	844	–6.3	1.7
Volt Info Sciences		NM	D-P	283	16.0	3.0
Wang Laboratories		NM	P-D	45	31.1	–11.5
Washington National		NM	D-D		NA	NA
Wells Fargo		NM	20.9	435	10.1	14.8
Western Digital		NM	–58.4	2	62.2[a]	10.8
Western Union		NM	D-D	792	2.2	–25.0
Westmoreland Coal		NM	D-P	714	5.0	3.6
Weyerhaeuser		NM	15.0	509	8.6[a]	10.1
Wheeling-Pittsburgh		NM	12.1	814	–2.0	7.7
Williams Cos		NM	–84.5	860	NM	–9.7
Winnebago Industries		NM	P-D	316	12.6	2.9
Zurn Industries		NM	28.6	779	2.8	32.6
Acme Steel		NA	25.6		NA	9.9
Adia Services		NA	17.2	52	29.1[a]	21.2
Advanced Micro		NA	P-D		NA	–6.4
ADVO-System		NA	D-P		NA	4.9
Affiliated Pubs		NA	D-P	326	12.4	–0.4
Albany International		NA	14.0		NA	10.5
Alexander & Alexander		NA	1.4		NA	4.0
Alleghany		NA	17.9		NA	3.0
Allegheny Ludlum		NA	35.3		NA	9.7
AM International		NA	D-P	860	NM	3.6
AmBase		NA	6.5	775	2.9[a]	23.8

Company	Earnings per share			Sales		
	rank	10-year average %	latest 12 months %	rank	10-year average %	latest 12 months %
America West Airlines		NA	D-P		NA	27.3
American Capital		NA	D-D		NA	6.9
American Express		NA	59.4	48	30.7[b]	16.2
American President		NA	–65.1	176	17.3	12.0
American Tel & Tel		NA	P-D		NA	5.0
AmeriFirst Bank		NA	P-D		NA	6.8
Ameritech		NA	–1.0		NA	2.7
Ametek		NA	–13.8		NA	10.4
Anchor Savings Bank		NA	D-D		NA	14.5
Argonaut Group		NA	–50.8		NA	–10.2
Aristech Chemical		NA	–27.7		NA	–1.6
AST Research		NA	P-D		NA	4.6
Atari		NA	P-D		NA	–29.7
Atlantic Financial		NA	P-D		NA	–3.4
Avondale Industries		NA	411.1		NA	26.3
Baker Hughes		NA	42.2		NA	0.5
Baroid		NA	D-P		NA	–3.9
Bear Stearns Cos		NA	34.0		NA	29.6
Beckman Instruments		NA	–2.6		NA	3.4
Bell Atlantic		NA	6.1		NA	4.6
BellSouth		NA	0.6		NA	6.6
Benj Franklin S&L		NA	–27.7		NA	9.0
Boatmen's Bancshares		NA	–20.3		NA	5.9
Boston Edison		NA	12.0	657	6.2	1.5
Bristol-Myers Squibb		NA	15.2		NA	7.2
Broad		NA	D-P		NA	24.3
Burlington Northern		NA	254.2		NA	61.3
Burlington Resources		NA	NA		NA	–23.5
Businessland		NA	12.9		NA	28.0
Cablevision Systems		NA	D-D		NA	8.4
Carnival Cruise Lines		NA	14.4		NA	76.6
Carter Hawley Hale		NA	71.4		NA	6.3
Casey's General Store		NA	–42.4		NA	24.9
Castle & Cooke		NA	–29.7		NA	13.0
CBI Industries		NA	–13.3		NA	9.5
Central Newspapers		NA	8.8		NA	3.8
CenTrust Savings Bk		NA	P-D	75	25.2[b]	13.0
Child World		NA	2.5	110	21.5[b]	7.8
Cigna		NA	10.8		NA	5.8
Coast Savings Finl		NA	P-D	146	18.5[b]	12.9
Coca-Cola Enterprises		NA	8.2		NA	2.9
Commercial Federal		NA	233.3		NA	8.8
Commtron		NA	110.8		NA	15.8
Communications Trans		NA	D-D		NA	108.6
Compaq Computer		NA	53.5		NA	50.6
Computer Associates		NA	8.4		NA	48.7
Conseco		NA	83.0		NA	2.9
Costco Wholesale		NA	110.9		NA	47.8
Crane		NA	–6.3		NA	31.0
CrossLand Savings FSB		NA	P-D	149	18.4[b]	13.1
Crystal Brands		NA	142.5	836	–4.9[b]	102.6
Cyclops Industries		NA	D-P		NA	18.5
Cyprus Minerals		NA	136.0	383	11.0[b]	54.4
Delta Woodside Inds		NA	–2.5		NA	12.7
Diamond Shamrock		NA	164.0		NA	8.8
Dime Savings Bk FSB		NA	–67.0	432	10.1[b]	14.1
Drug Emporium		NA	16.9		NA	20.8
Empire of America		NA	D-D		NA	11.5
Ethyl		NA	14.3		NA	19.5
Federal Natl Mortgage		NA	25.5	336	12.2	6.0
FHP International		NA	31.5		NA	37.9
Finevest Foods		NA	P-D		NA	10.5
Fireman's Fund		NA	–27.1	681	5.6[b]	–16.1
First Capital Holding		NA	32.7		NA	34.6
First Executive		NA	NA		NA	NA
First Fidelity Bncp		NA	P-D		NA	9.1
FirstFed Michigan		NA	–72.4	128	20.0[a]	3.5

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. Z-P: Zero to profit. NA: Not available. NM: Not meaningful. a: Nine-year average. b: Eight-year average.

WHO'S WHERE IN GROWTH

Company	Earnings per share rank	Earnings per share 10-year average %	Earnings per share latest 12 months %	Sales rank	Sales 10-year average %	Sales latest 12 months %
Fleet/Norstar Finl		NA	44.1		NA	20.0
Florida Federal		NA	D-D	258	14.3[a]	–1.5
Fruit of the Loom		NA	80.2		NA	25.6
Gaylord Container		NA	–19.0		NA	11.1
General Mills		NA	16.6		NA	11.7
GM Hughes Electronics		NA	1.1		NA	4.9
Genlyte Group		NA	–7.1		NA	5.2
Georgia Gulf		NA	28.6		NA	17.0
Gibson Greetings		NA	19.0	303	13.0	13.6
Gitano Group		NA	1.0		NA	19.3
GlenFed		NA	–28.3	93	23.1[a]	8.2
Goldome		NA	D-D		NA	–6.4
Great American Bank		NA	P-D	84	24.2[a]	11.0
Harley-Davidson		NA	9.5		NA	8.0
Harman International		NA	22.3		NA	10.0
Henley Group		NA	NA		NA	NA
Hills Dept Stores		NA	P-D		NA	20.2
Himont		NA	–26.9		NA	7.3
Home Shopping		NA	P-D		NA	6.1
Hudson Foods		NA	466.7		NA	13.0
IBP		NA	–21.0		NA	7.0
ICH		NA	NA		NA	NA
IMC Fertilizer Group		NA	35.8		NA	12.5
Imo Industries		NA	12.9		NA	29.2
Imperial Holly		NA	500.0+		NA	41.5
Ingles Markets		NA	12.7		NA	14.6
InterTAN		NA	71.8		NA	11.6
Itel		NA	–67.6		NA	32.3
K-H Corp		NA	D-D		NA	–23.5
Kaufman & Broad		NA	26.7		NA	4.2
Kentucky Central Life		NA	NA		NA	NA
Lands' End		NA	10.9		NA	32.5
Leslie Fay Cos		NA	18.5	186	16.9[b]	20.7
Lotus Development		NA	–28.5		NA	9.9
Louisiana-Pacific		NA	27.0		NA	10.4
LPL Technologies		NA	408.6		NA	8.3
Lyondell Petrochem		NA	NA		NA	10.5
Magma Copper		NA	D-P		NA	25.0
MagneTek		NA	10.9		NA	6.2
MAI Basic Four		NA	P-D		NA	–62.9
Manor Care		NA	D-P	37	34.9	16.9
Manville		NA	–31.3	860	NM	4.0
Masco Industries		NA	25.9	148	18.4[a]	3.6
Maxus Energy		NA	D-D		NA	–4.6
Maytag		NA	–11.7		NA	49.2
MCN		NA	1.8		NA	6.3
Medco Containment		NA	–34.4		NA	47.1
Meritor Savings Bank		NA	D-D	204	16.0[a]	–14.4
Fred Meyer		NA	–4.2		NA	10.6
MGM/UA Commun		NA	D-D		NA	29.9
Microamerica		NA	7.5		NA	28.5
Micron Technology		NA	–15.7	860	NM	48.6
Microsoft		NA	30.5		NA	29.8
MLX		NA	NA		NA	10.4
MMR Holding		NA	P-D		NA	–0.4
Morgan Products Ltd		NA	–96.3		NA	1.6
Morgan Stanley		NA	25.3		NA	47.3
Morton International		NA	–25.7		NA	11.7
Neiman Marcus Group		NA	D-P		NA	22.1
NL Industries		NA	60.5		NA	1.5
Northeast Savings FA		NA	D-D		NA	4.1
NWNL		NA	NA		NA	NA
Nynex		NA	–6.6		NA	4.5
Omnicom Group		NA	18.5		NA	9.2
Oracle Systems		NA	85.7		NA	101.7
Oryx Energy		NA	NA		NA	18.7
PACE Membership		NA	72.1		NA	31.3
Pacific Telesis		NA	9.7		NA	0.5
PacifiCare Health		NA	83.0	1	76.2[b]	45.9
PacifiCorp		NA	–2.0		NA	6.3
Pathe Communications		NA	D-D		NA	6.8
Penn Traffic		NA	P-D		NA	216.0
Pennzoil		NA	D-P		NA	21.4
People's Bank		NA	NA		NA	22.0
Petroleum Heat & Pwr		NA	P-D	96	22.9[a]	6.7
Pilgrim's Pride		NA	D-P		NA	30.5
Premark Intl		NA	–22.3		NA	7.5
Primerica		NA	56.1		NA	358.4
Reebok International		NA	–10.4		[illegible]	–1.1
Reliance Group		NA	P-D		NA	26.3
Rexene		NA	NA		NA	–4.1
Richfood Holding		NA	NA	525	8.4	0.2
Ross Stores		NA	67.1		NA	16.4
Charles Schwab		NA	NA		NA	22.1
EW Scripps		NA	171.1		NA	5.1
Shawmut National		NA	17.0		NA	10.4
Shearson Lehman		NA	D-P		NA	33.1
Smith's Food & Drug		NA	NA		NA	NA
Softsel Computer Prod		NA	28.3		NA	37.8
Southwestern Bell		NA	10.2		NA	2.1
Spiegel		NA	52.9		NA	31.7
Sprague Technologies		NA	P-D		NA	–1.3
SSMC		NA	P-D		NA	–12.4
Standard Fedl Bank		NA	–15.9		NA	13.0
Standard Shares		NA	–14.4		NA	11.1
Sterling Chemicals		NA	–25.1		NA	–2.9
Sudbury		NA	P-D		NA	–5.5
Sun Co		NA	500.0+		NA	7.6
Sun Microsystems		NA	–41.5		NA	53.4
SunTrust Banks		NA	10.3		NA	15.6
Talman Home Federal		NA	–14.3		NA	5.2
TCF Financial		NA	D-P		NA	–4.1
Telecom-USA		NA	30.5		NA	35.1
Teledyne		NA	–32.4	767	3.1	6.4
Temple-Inland		NA	14.6	508	8.6[a]	3.1
Texas Instruments		NA	–7,2	581	7.5	3.5
TGI Friday's		NA	38.2	97	22.8	–3.0
Thiokol		NA	–53.9		NA	2.7
Time Warner		NA	–90.8	254	14.4	29.7
TJX Cos		NA	22.6		NA	18.2
Travelers		NA	NA		NA	NA
Tredegar Industries		NA	NA		NA	4.1
TW Services		NA	–53.4		NA	6.6
UJB Financial		NA	5.9		NA	22.8
Union Texas Petrol		NA	110.0		NA	–18.6
United HealthCare		NA	D-P		NA	–18.1
US Healthcare		NA	133.3	3	61.4	29.8
Univar		NA	35.5		NA	11.3
UNUM		NA	52.7		NA	13.1
US West		NA	–6.3		NA	5.1
Valhi		NA	300.0		NA	6.1
Viacom		NA	NA		NA	20.3
Vista Chemical		NA	20.6		NA	–0.3
Vons Cos		NA	D-D		NA	45.5
VWR		NA	1.9		NA	–0.8
Waban		NA	NA		NA	31.0
Washington Mutual		NA	–15.9		NA	13.4
Weirton Steel		NA	NA		NA	NA
Western Publishing		NA	–18.0		NA	–4.0
Wheelabrator Tech		NA	NA		NA	NA
Whitman		NA	–7.7		NA	17.4
Wholesale Club		NA	D-P		NA	45.4
Wyse Technology		NA	P-D		NA	–27.1

D-D: Deficit to deficit. D-P: Deficit to profit. P-D: Profit to deficit. NA: Not available. NM: Not meaningful. a: Nine-year average. b: Eight-year average.

WHO'S WHERE IN THE STOCK MARKET

Despite a serious recession, insider trading scandals and the great crash of 1987, the stock market was a great place to invest during the 1980s.

By Eric Hardy

STOCK PRICES EXPLODED WORLDWIDE during the past decade, often led by the U.S. Ten years ago the Dow Jones industrial average was trading in the 820 region; today it's more than three times that. It was a good time for the big blue chips: By a slight margin, the 30 blue-chip stocks in the Dow beat the average performance of the 880 stocks ranked in this survey. The Forbes 880, so to speak, showed stock market gains averaging 11.7% a year, versus 12.1% for the Dow stocks.

The bull market was driven largely by earnings. During the past ten years, profits of companies in the S&P 500 increased by 59%. In addition, investors were willing to pay a higher multiple: Mario Gabelli, who manages $7 billion in equity funds, says that today price-to-cash-flow multiples average 5.5, up from 3.5 in 1980.

The stock prices of 62 of the companies listed in the tables that start on page 218 gained at least 1,000% during the past ten years. Most market players would be delighted to have owned just one, but billionaire investor Warren Buffett is a long-term shareholder in four. Through his holding company, Berkshire Hathaway (14th in terms of ten-year performance), Buffett has purchased substantial equity stakes in Washington Post (ranked 47th), Geico (56) and Capital Cities/ABC (62). If Buffett has not lost his touch, look for Coca-Cola and Gillette—two recent favorites—to be near the top of our list in the year 2000.

To be ranked among the 100 top-performing stocks over the past decade, a company's share price had to rise by a minimum of 759%. Most of these leaders are smaller growth companies like Safety-Kleen, Mark IV Industries, C.R. Bard and Olsten. But some very large companies can also be found here, such as Wal-Mart, Philip Morris, Heinz and Loews.

STOCK SCOREBOARD

Industry	10-year price change
Retailing	976%
Consumer nondurables	850
Food, drink & tobacco	670
Entertainment & information	603
Health	519
Business services & supplies	506
Insurance	389
Consumer durables	350
Computers & communications	325
Forest products & packaging	293
Financial services	285
Chemicals	281
Travel	260
Transport	190
Aerospace & defense	184
Materials	176
Construction	147
Capital goods	127
Electric utilities	123
Energy	110
Dow industrials	214

Circuit City Stores has the best ten-year stock gain, 9,287%. This translates into a compounded annual return of nearly 58%. A $10,000 investment in Circuit City in 1980 would be worth $938,700 today, while the same amount of money invested in a 5¼% passbook account in 1980 grew to only $16,850.

Circuit City, a chain of retail consumer electronics stores, has remarkable savvy in picking the right places to situate its outlets, and is not afraid to admit mistakes. Four years ago, in what proved to be an astute management decision, Circuit City aborted its expansion into the highly competitive New York City area to concentrate on more profitable markets.

Hasbro, ranked second, grew strongly during the decade, both through acquisition (it purchased Milton Bradley, a major competitor, back in 1984) and by riding the boom in the toy market. The Pawtucket, R.I.-based firm saw its stock price jump more than 6,600%. Ranked third, clothing retailer Limited managed dramatic sales and profit gains, and its stock price increased almost 6,400% in ten years.

Of course, even a great bull market—combined with the longest economic expansion in peacetime history—can't guarantee equity investors a profit. Manville shows one of the worst price declines during the period. The stock traded at over $250 a share (adjusted for a reverse split) back in 1980, but asbestos litigation caused the firm to seek bankruptcy protection two years later. Manville stock was recently trading at around $10 a share. The greatest decline in percentage terms was experienced by another Chapter 11 story, Allegheny International, which fell 99% during the Eighties. The thrift industry continues to have its share of stock market losers: Imperial Corp. of America, CityFed Financial and Financial Corp. of Santa Barbara, to name a few.

HOW DID WE DO?

Each year our writers are assigned a special theme and asked to single out a company in each industry that best measures up. In 1988 Forbes editors identified the most innovative firm in each industry. Last year the challenge was to come up with the company that was best situated for a turnaround.

This year we chose companies best prepared for the 1990s. Overall, we didn't fare badly last year. Our best pick was Turner Broadcasting, up 248%. Another turnaround candidate was Airborne Freight, whose shares more than doubled in value. Emhart and Seagate Technology, meanwhile, showed better than 90% gains. We had one awful turnaround pick last year, Dallas-based Lomas Financial Corp., which went into Chapter 11 and saw its share price drop 94%.

Excluding this one turkey, a portfolio of our turnaround stocks from last year's survey is up almost 35%, compared with a 29% rise for the Dow Jones industrial average. Including the Lomas debacle, our group was up by almost 31%, still a shade better than the Dow.—**Warren Midgett**

In reviewing the stock market tables, be aware of the footnotes. Stocks with price histories of only nine or eight years are marked with an "a" or "b," respectively. Companies that don't have at least eight consecutive years of trading history are not ranked. There are other reasons for not showing a performance ranking. For example, AT&T has been a public company since 1880, but with the 1984 government-ordered breakup of the Bell System, equity in seven smaller companies was distributed to AT&T shareholders. Since we don't compare the old Ma Bell with the new, AT&T is not graded on stock market performance. Other companies, too, may not be shown if they underwent a significant merger or reorganization. Companies that paid out a special cash dividend may be ranked, but the value of the cash distribution is excluded from their stock performance. Such firms are marked with a "c."

THE BEST COMPANIES OF THE 1980s

Company	10-year price change	Recent price
Circuit City Stores	9287.0%	24½
Hasbro	6606.1	22⅛
Limited	6357.6	35
Mark IV Industries	6257.1	12⅜
Marion Laboratories	3973.5	34⅜
Wal-Mart Stores	3767.4	42
Gap	3719.2	51¾
Dillard Department Stores	3705.8	69
Shaw Industries	3554.1	30
Tyson Foods	3317.0	24½
Home Depot	3147.9	35⅜
MCI Communications	2788.4	44¼
Hannaford Brothers	2722.0	37¼
Berkshire Hathaway	2495.3	8305
Savannah Foods	2447.8	44
CDI	2391.7	15
State Street Boston	2364.8	38⅛
Price Co	2273.5	45½
Cooper Tire & Rubber	2248.8	34⅞
Toys "R" Us	2176.4	38⅛
Liz Claiborne	1889.3	24¼
Newell Co	1876.6	21
Helene Curtis Industries	1871.4	34½
Progressive	1854.2	42¼
Giant Food	1834.5	28⅝

THE WORST COMPANIES OF THE 1980s

Company	10-year price change	Recent price
Allegheny International	–98.5%	⅜
Savin	–98.0	¼
Western Union	–97.7	½
Manville	–94.9	9⅞
Storage Technology	–92.7	12⅝
Financial Corp of Santa Barbara	–92.5	1
Ideal Basic Industries	–91.4	2
Navistar International	–89.8	4
Charter	–86.4	4¾
Lomas Financial	–84.5	¾
CityFed Financial	–83.2	½
LTV	–81.3	1½
Imperial Corp of America	–81.1	2⅛
US Home	–79.8	1⅛
Varity	–79.2	2⅛
Tosco	–78.1	24⅜
Arrow Electronics	–77.6	4⅝
Todd Shipyards	–77.3	5½
Public Service NH	–74.0	4
UNC	–73.9	5⅞
LB Foster	–73.7	3¾
Cross & Trecker	–72.8	6
Amdura	–70.2	6¼
AM International	–67.9	5⅜
National-Standard	–62.6	7¼

WHO'S WHERE IN THE STOCK MARKET

Rank	Company	10-year price change %	1980-89 price range high	1980-89 price range low	Recent price	Latest 12-mos earnings per share $	Price/earnings ratio	Price/sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
171	**Abbott Laboratories**	535.9	69	8	65⅜	3.70	17.7	2.81	15.9	1.40	2.1	10.96	14,700
NR	**Acme Steel**	NA	27	7	19¾	3.43	5.8	0.24	4.2	none	0.0	24.62	105
NR	**Adia Services**	NA	32	6	24¼	1.70	14.3	0.52	3.7	0.14	0.6	11.82	299
758	**Advanced Micro**	24.1	44	4	7½	–0.13	def	0.56	0.0	none	0.0	7.43	600
NR	**ADVO-System**	NA	13	3	8⅝	0.34	25.4	0.17	0.9	none	0.0	3.06	107
670	**Aetna Life & Cas**	79.3	68	27	59⅝	6.26	9.5	0.36	3.8	2.76	4.6	58.11	6,692
NR	**Affiliated Pubs**	NA	14	11	12¼	1.54	8.0	1.61	20.3	0.22	1.8	2.46	847
492	**HF Ahmanson**	175.2	29	2	19⅜	1.97	9.8	0.46	4.7	0.88	4.5	19.11	1,913
650	**Air Express Intl**	89.1	25	4	15⅛	1.46	10.4	0.14	1.4	none	0.0	7.06	72
547	**Air Prods & Chems**	142.2	54	11	44½	4.04	11.0	0.92	8.4	1.32	3.0	23.19	2,441
734	**Airborne Freight**	42.0	40	7	37⅝	1.96	19.2	0.29	1.6	0.60	1.6	18.44	260
271	**Alaska Air Group**	382.5	31	3	21⅞	2.93	7.5	0.38	5.2	0.20	0.9	19.59	342
NR	**Albany International**	NA	24	9	19⅜	1.63	11.9	0.98	8.3	0.35	1.8	7.10	487
29	**Alberto-Culver**	1660.4	53	2	44¾	2.25	19.9	0.81	4.1	0.36	0.8	10.32	584
57	**Albertson's**	1101.2	60	4	57¼	2.81	20.4	0.52	2.6	0.80	1.4	11.96	3,832
614	**Alcan Aluminium**	108.8	25	7	21¾	4.04	5.4	0.55	10.5	1.12	5.1	18.06	4,949
318	**Alco Standard**	314.0	37	6	33⅜	3.99	8.4	0.32	4.2	0.76	2.3	14.01	1,347
800	**Alexander & Alexander**	0.4	42	15	32⅞	1.48	22.2	1.07	4.8	1.00	3.0	9.20	1,328
120	**Alexander & Baldwin**	684.8	40	3	34½	4.54	7.6	2.13	26.2	0.80	2.3	11.96	1,728
102	**Alexander's**	751.0	77	5	54¼	4.20	12.9	0.58	4.5	none	0.0	21.67	270
NR	**Alleghany**	NA	108	59	95	8.29	11.5	0.60	5.2	none	0.0	84.67	611
888	**Allegheny Intl**	–98.5	55	†	⅜	–5.60	def	0.00	def	none	0.0	–12.17	4
NR	**Allegheny Ludlum**	NA	42	15	37½	5.71	6.6	0.67	10.2	1.20	3.2	9.99	847
503	**Allegheny Power**	164.5	54	12	41	3.83	10.7	0.97	9.1	3.08	7.5	29.25	2,137
806	**Allen Group**	–1.9	27	5	9¾	1.86	5.2	0.23	5.4	none	0.0	11.23	80
845	**Allied Products**	–41.5	46	5	7½	–0.01	def	0.06	0.5	none	0.0	24.05	38
787	**Allied-Signal**	8.4	49	19	35½	3.47	10.2	0.44	4.3	1.80	5.1	22.09	5,253
267	**Alltel**	388.8[b]	42	6	36⅜	2.01	18.1	1.96	11.3	1.28	3.5	12.25	2,309
528	**Alcoa**	151.0	80	21	68⅞	11.26	6.1	0.56	9.2	1.60	2.3	51.76	6,081
865	**AM International**	–67.9	25	†	5⅜	0.47	11.4	0.32	3.6	none	0.0	4.07	272
848	**AMAX**	–45.8	69	10	24¾	6.91	3.6	0.52	14.8	0.80	3.2	20.16	2,088
NR	**AmBase**	NA	32	10	13¼	2.61	5.1	0.13	2.5	0.20	1.5	29.71	453
NR	**AMC Entertainment**	NA	16	3	8⅝	0.80	10.8	0.30	3.2	none	0.0	3.74	137
684	**Amdahl**	74.7	28	3	11⅛	1.60	7.0	0.59	8.7	0.10	0.9	9.51	1,196
866	**Amdura**	–70.2	27	4	6¼	0.70	8.9	0.07	1.3	none	0.0	8.76	38
659	**Amerada Hess**	84.1	55	15	44⅞	5.79	7.8	0.69	8.9	0.60	1.3	27.02	3,679
NR	**America West Airlines**	NA	14	3	10¼	0.75	13.7	0.17	1.6	none	0.0	3.46	159
720	**American Bankers**	49.9	17	5	11¾	1.12	10.5	0.27	2.5	0.50	4.3	11.28	169
328	**American Brands**	306.6	82	14	69	6.10	11.3	0.88	8.1	2.72	3.9	26.43	6,445
401	**American Building**	237.5	40	8	32⅝	2.16	15.1	0.20	1.3	0.94	2.9	16.18	125
NR	**American Capital**	NA	10	1	1¼	–1.48	def	0.03	def	none	0.0	4.08	22
440	**American Cyanamid**	205.2	60	10	51⅞	3.65	14.2	0.97	6.8	1.35	2.6	23.02	4,648
687	**American Electric**	73.4	32	15	31	3.16	9.8	1.20	12.3	2.40	7.7	21.84	6,000
289	**American Express**	348.5	41	6	33½	2.63	12.7	0.56	4.5	0.84	2.5	11.39	13,962
82	**American Family**	828.6	23	1	19⅛	1.01	18.9	0.64	3.4	0.32	1.7	7.93	1,551
472	**American General**	185.7	47	8	34⅞	3.86	9.0	1.02	11.5	1.50	4.3	34.68	4,318
217	**American Greetings**	453.7	42	4	32⅞	1.52	21.6	0.83	3.9	0.66	2.0	17.85	1,041
356	**American Home Prods**	284.4	109	21	104¾	6.84	15.3	2.67	17.5	3.90	3.7	20.32	15,306
156	**American Intl Group**	566.5	109	13	105¾	8.17	12.9	1.25	9.8	0.48	0.5	41.92	17,285
703	**American Maize**	60.5	27	8	20¼	0.67	30.2	0.22	0.7	0.52	2.6	22.97	133
603	**American Natl Ins**	115.9	51	10	34	3.53	9.6	0.94	9.8	1.60	4.7	53.87	961
667	**American Petrofina**	80.6	90	30	68⅝	9.46	7.3	0.36	4.7	3.20	4.7	62.88	1,058
NR	**American President**	NA	51	11	27¾	1.19	23.3	0.24	1.6	0.60	2.2	30.02	550
166	**American Stores**	545.1	86	6	57¼	2.36	24.3	0.09	0.4	1.00	1.7	32.46	1,973
NR	**American Tel & Tel**	NA	46	14	43⅜	–1.26	def	1.29	def	1.20	2.8	10.68	46,576
220	**American Water Works**	451.4	26	2	17¾	1.71	10.4	1.03	10.0	0.74	4.2	18.38	541
NR	**AmeriFirst Bank**	NA	20	3	4	–7.16	def	0.10	def	none	0.0	17.79	44
NR	**Ameritech**	NA	65	20	59¾	4.52	13.2	1.59	12.0	2.92	4.9	29.14	16,085
384	**Ameritrust**	250.8	29	5	28½	3.06	9.3	0.90	9.7	1.28	4.5	19.35	1,058
99	**Ames Dept Stores**	763.1	35	1	14⅝	0.11	133.0	0.12	0.3	0.10	0.7	13.21	549
593	**Ametek**	120.8	20	4	13¼	0.81	16.4	1.04	6.4	0.64	4.8	4.11	583
548	**Amoco**	142.2	51	16	47¾	3.22	14.8	0.97	6.6	1.90	4.0	25.81	24,690
430	**AMP**	212.1	72	11	41⅞	2.77	15.1	1.60	10.6	1.20	2.9	14.16	4,500

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Rank	Company	10-year price change %	1980-89 price range high	1980-89 price range low	Recent price	Latest 12-mos earnings per share $	Price/ earnings ratio	Price/ sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
838	Ampco-Pittsburgh	–29.6	27	11	13	–0.27	def	0.54	def	0.30	2.3	12.58	125
146	AMR	596.3	107	6	70½	8.52	8.3	0.40	5.2	none	0.0	53.50	4,148
469	AmSouth Bancorp	186.1	39	7	25¾	3.39	7.6	0.71	9.3	1.32	5.1	22.01	624
859	Anacomp	–57.0	23	1	4¾	0.27	17.6	0.30	2.2	none	0.0	2.83	170
515	Analog Devices	155.3	25	2	8⅝	0.81	10.7	0.87	8.4	none	0.0	7.12	400
NR	Anchor Savings Bank	NA	13	2	2⅜	–2.40	def	0.05	def	none	0.0	16.06	42
74	Anheuser-Busch Cos	906.7	46	3	37¾	2.67	14.1	1.14	8.2	0.88	2.3	10.95	10,699
331	Aon	302.6	39	8	38½	3.26	11.8	1.05	9.2	1.40	3.6	19.95	2,441
209	Apogee Enterprises	472.9	19	2	16½	1.04	15.9	0.43	2.7	0.20	1.2	6.25	221
508	Apple Computer	159.3[a]	60	5	44¼	3.53	12.5	1.03	8.6	0.44	1.0	8.17	5,432
380	Archer Daniels	256.1	22	3	21	1.60	13.1	0.73	5.8	0.10	0.5	11.12	5,729
27	Arden Group	1737.0	74	2	62	6.99	8.9	0.27	3.3	none	0.0	19.48	94
NR	Argonaut Group	NA	70	19	68½	8.08	8.5	1.35	15.4	1.00	1.5	42.95	709
NR	Aristech Chemical	NA	28	11	21⅞	2.90	7.6	0.75	9.9	1.00	4.6	11.59	775
653	Arkla	87.1	30	10	23½	–1.23	def	0.96	def	1.08	4.6	9.45	1,984
862	Armco	–59.5	42	4	10⅛	1.98	5.1	0.31	6.4	0.40	3.9	9.66	889
259	Armstrong World Inds	406.1	51	6	41¼	3.49	12.0	0.67	5.8	1.06	2.5	21.87	1,931
872	Arrow Electronics	–77.6[a]	34	3	4⅜	–0.32	def	0.06	0.2	none	0.0	9.40	53
543	Arvin Industries	143.8	40	4	14⅝	0.38	38.5	0.19	0.9	0.68	4.6	21.90	273
817	Asarco	–11.4	59	10	33⅛	5.82	5.7	0.61	10.8	1.60	4.8	31.67	1,392
685	Ashland Oil	73.9	43	10	34⅞	1.55	22.5	0.26	1.1	1.00	2.9	19.06	2,051
NR	AST Research	NA	33	6	9¾	–0.43	def	0.24	def	none	0.0	9.36	113
NR	Atari	NA	16	4	9⅝	–1.70	def	1.37	def	none	0.0	1.44	556
NR	Guy F Atkinson	NA	20	12	15⅜	–4.29	def	0.16	def	0.48	3.1	20.99	135
360	Atlanta Gas Light	282.6	29	6	27½	1.90	14.5	0.62	4.5	1.96	7.1	19.08	584
588	Atlantic Energy	123.4	47	14	38¼	3.70	10.3	1.21	11.2	2.88	7.5	27.16	842
NR	Atlantic Financial	NA	19	†	1⅛	–20.63	def	0.01	def	none	0.0	25.89	5
530	Atlantic Richfield	148.8	109	32	99½	11.09	9.0	1.08	12.2	4.50	4.5	35.47	17,111
229	Automatic Data	435.8	55	8	46⅞	2.59	18.1	2.02	11.3	0.60	1.3	13.05	3,411
158	Avery International	564.0	31	3	29⅞	1.92	15.6	0.78	5.0	0.56	1.9	11.56	1,317
537	Avnet	145.6	50	9	28¾	1.63	17.6	0.55	3.1	0.60	2.1	20.60	1,026
809	Avon Products	–5.4	42	17	37¼	1.37	27.2	0.61	4.2	1.00	2.7	4.11	2,007
NR	Avondale Industries	NA	22	13	15⅝	0.46	34.0	0.33	0.9	0.92	5.9	21.83	225
706	AVX Corp	58.9	33	7	29⅛	1.02	28.6	0.95	3.4	0.24	0.8	15.85	382
NR	Baker Hughes	NA	27	11	24¼	0.64	37.9	1.23	3.6	0.46	1.9	7.86	2,872
836	Balfour Maclaine	–24.9	14	4	5⅞	0.33	17.8	0.03	0.1	0.16	2.7	5.26	34
237	Ball Corp	426.9	49	4	30⅝	1.00	30.6	0.63	2.1	1.12	3.7	17.92	720
857	Bally Manufacturing	–54.5	37	10	16⅜	0.88	18.6	0.22	1.6	0.30	1.8	18.89	439
461	Baltimore G&E	193.8	40	9	32½	3.07	10.6	1.32	14.2	2.10	6.5	23.77	2,577
161	Banc One	559.8	37	3	33⅜	2.64	12.6	1.40	11.2	1.04	3.1	15.53	4,314
248	Bancorp Hawaii	420.5	63	9	57¼	5.14	11.1	1.16	10.5	1.56	2.7	27.67	828
107	Bandag	741.1	89	7	76¾	5.07	15.1	2.17	14.3	1.00	1.3	10.80	1,123
411	Bank of Boston	228.7	38	5	21	1.92	10.9	0.23	2.3	1.24	5.9	27.02	1,459
521	Bank of New England	154.1	40	5	14⅞	2.79	5.3	0.28	5.4	1.36	9.1	23.28	1,030
372	Bank of New York	269.7	55	8	43¾	–0.09	def	0.55	def	2.12	4.8	37.06	2,770
789	BankAmerica	7.7	36	5	29¾	4.25	7.0	0.48	7.6	0.60	2.0	18.40	5,520
281	Bankers Trust NY	366.3	58	8	46⅝	–10.98	def	0.54	def	2.08	4.5	43.14	3,782
111	Banta	732.7	27	2	23¼	2.62	8.9	0.52	5.9	0.52	2.2	13.24	292
81	CR Bard	832.0	27	1	20	1.32	15.2	1.44	9.4	0.40	2.0	5.83	1,127
678	Barnes Group	77.8	41	11	32	2.70	11.9	0.35	3.4	1.40	4.4	21.84	177
195	Barnett Banks	498.5	42	4	34⅛	4.02	8.5	0.70	8.5	1.20	3.5	24.32	2,048
NR	Baroid	NA	11	4	8¾	0.20	43.8	1.08	2.4	0.20	2.3	5.36	531
534	Bassett Furniture Ind	146.6	55	11	36	2.32	15.5	0.64	4.1	1.00	2.8	32.18	299
413	Bausch & Lomb	227.9	64	15	62½	3.62	17.3	1.58	9.2	1.16	1.9	21.11	1,863
636	Baxter International	95.8	31	8	23¼	1.44	16.1	0.79	5.9	0.56	2.4	13.10	5,708
284	BayBanks	358.3	52	6	36⅜	4.99	7.3	0.54	7.4	1.80	4.9	35.43	580
NR	Bear Stearns Cos	NA	23	7	13⅛	1.81	7.2	0.48	7.1	0.56	4.3	10.82	1,184
617	Bearings	106.3	33	9	27½	2.54	10.8	0.32	2.9	0.64	2.3	18.26	203
NR	Beckman Instruments	NA	23	17	17½	1.50	11.7	0.64	5.4	0.28	1.6	8.14	499
399	Becton Dickinson	239.0	69	11	57⅝	5.40	10.7	1.25	11.8	1.00	1.7	24.33	2,273
NR	Bell Atlantic	NA	105	32	103⅞	6.96	14.9	1.81	12.1	4.40	4.2	46.58	20,466
707	Bell Industries	57.5	33	6	15¾	0.93	16.9	0.22	1.3	0.28	1.8	19.29	92
NR	BellSouth	NA	55	18	51¾	3.48	14.9	1.72	11.8	2.52	4.9	25.51	24,014

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WHO'S WHERE IN THE STOCK MARKET

Rank	Company	10-year price change %	1980-89 price range high	1980-89 price range low	Recent price	Latest 12-mos earnings per share $	Price/ earnings ratio	Price/ sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
79	Bemis	867.1	38	2	33¼	1.71	19.4	0.77	4.2	0.60	1.8	9.48	833
652	Beneficial Corp	87.3	78	14	49⅞	4.49	11.1	0.70	7.0	2.20	4.4	32.60	1,117
NR	Benj Franklin S&L	NA	11	2	3⅛	1.36	2.3	0.04	1.9	none	0.0	23.48	24
112	Bergen Brunswig	722.0	27	2	24⅜	1.85	13.2	0.21	1.2	0.32	1.3	9.58	809
163	WR Berkley	548.0	45	5	44½	4.65	9.6	0.99	10.2	0.40	0.9	25.06	537
14	Berkshire Hathaway	2495.3	8900	245	8305	398.96	20.8	3.83	18.4	none	0.0	2975.66	9,518
NR	Best Buy Co	NA	23	†	6¾	0.07	96.4	0.11	0.1	none	0.0	7.31	56
829	Bethlehem Steel	–21.3	32	4	16⅝	3.11	5.3	0.23	4.8	0.40	2.4	20.91	1,240
479	Betz Laboratories	183.8	62	15	54⅝	3.49	15.7	1.68	10.9	1.88	3.4	14.94	843
742	Beverly Enterprises	35.7	22	2	5⅞	–2.23	def	0.15	def	none	0.0	8.24	318
NR	Bindley Western Inds	NA	17	5	9¾	0.59	16.5	0.04	0.3	none	0.0	7.31	60
812	Black & Decker	–8.1	29	12	21⅛	1.40	15.1	0.45	3.0	0.40	1.9	12.38	1,237
294	Blair	345.5	43	5	30⅝	3.20	9.6	0.65	6.9	2.15	7.0	10.76	279
223	H&R Block	444.6	37	5	34⅜	1.91	18.0	1.96	10.9	1.28	3.7	8.49	1,805
129	Block Drug	653.0	37	4	36⅜	2.53	14.4	1.53	10.6	0.70	1.9	17.75	640
674	Blount	78.7	21	5	9⅝	5.67	1.7	0.12	7.4	0.95	10.1	11.87	113
542	BMA	143.9	48	10	37½	4.70	8.0	0.69	8.6	1.20	3.2	32.04	364
426	Boatmen's Bancshares	214.0	48	8	34¼	2.40	14.3	0.79	5.8	2.12	6.2	29.72	1,152
396	Bob Evans Farms	242.5	20	3	14	0.95	14.7	1.05	7.2	0.26	1.9	6.40	449
367	Boeing	274.2	62	6	56⅛	3.36	16.7	0.64	3.8	1.20	2.1	23.51	12,901
618	Boise Cascade	106.0	52	11	41⅞	6.46	6.5	0.44	6.8	1.52	3.6	37.34	1,881
114	Borden	719.8	39	3	32⅝	–0.45	def	0.63	def	0.96	2.9	12.50	4,823
642	Boston Edison	92.1	28	9	21⅛	1.86	11.4	0.64	7.1	1.82	8.6	19.33	801
NR	Bowater	NA	45	14	27¼	4.21	6.5	0.67	10.9	1.12	4.1	23.04	977
794	Briggs & Stratton	4.8	42	20	27¼	–1.37	def	0.45	def	1.60	5.9	17.92	394
191	Bristol-Myers Squibb	501.4	56	7	55⅝	2.66	20.9	3.23	15.5	2.00	3.6	9.49	28,972
NR	Broad	NA	13	6	10⅞	0.15	72.5	0.54	1.0	0.20	1.8	5.42	333
523	Brooklyn Union Gas	153.3	31	9	28½	2.52	11.3	0.69	6.6	1.78	6.2	19.12	669
206	Brown-Forman	481.1	84	11	77	5.38	14.3	2.17	15.2	1.68	2.2	19.44	2,154
375	Brown Group	264.7	44	8	31	0.57	54.4	0.30	0.5	1.60	5.2	19.10	540
31	Browning-Ferris Inds	1547.5	43	2	41⅞	1.74	24.1	2.43	10.3	0.56	1.3	7.05	6,201
67	Bruno's	963.2[b]	14	†	13⅝	0.62	22.0	0.51	2.3	0.14	1.0	3.56	1,112
108	Brunswick	737.3	30	1	14	–0.54	def	0.41	def	0.44	3.1	10.97	1,212
NR	Burlington Coat	NA	41	12	18¼	1.90	9.6	0.32	3.3	none	0.0	16.41	215
NR	Burlington Northern	NA	31	21	27⅜	2.55	10.7	0.44	4.2	1.20	4.4	12.31	2,042
NR	Burlington Resources	NA	54	23	44⅝	3.06	14.6	3.80	26.2	0.70	1.6	20.43	6,677
NR	Businessland	NA	19	3	9½	0.96	9.9	0.24	2.4	none	0.0	6.40	294
826	Butler Manufacturing	–19.8[c]	46	18	19¼	2.85	6.8	0.14	2.1	none	0.0	27.60	86
NR	Cablevision Systems	NA	47	13	43⅜	–6.28	def	1.94	def	none	0.0	–12.95	954
594	Cabot	120.5	49	14	33⅝	0.55	61.1	0.47	0.9	1.04	3.1	22.55	906
693	Caesars World	70.0	43	6	30⅜	2.50	12.2	0.84	6.9	none	0.0	9.82	755
NR	CalFed	NA	42	11	23⅞	3.04	7.9	0.19	2.5	1.40	5.9	55.43	596
581	CalMat	127.2	46	6	26⅛	1.92	13.6	1.23	9.1	0.56	2.1	15.67	803
157	Campbell Soup	565.1	61	6	49⅞	0.20	249.4	1.10	0.5	0.92	1.8	13.72	6,463
62	Capital Cities/ABC	1022.9	568	40	546	24.85	22.0	2.06	9.3	0.20	0.0	168.09	9,827
268	Capital Holding	386.1	49	8	48	5.51	8.7	0.90	10.8	1.00	2.1	25.78	2,155
NR	Cardinal Distribution	NA	23	8	20¾	1.30	15.9	0.27	1.3	0.06	0.3	9.67	211
234	Carl Karcher	428.0[b]	18	2	13¼	0.99	13.4	0.49	3.9	0.08	0.6	3.46	238
476	Carlisle Cos	184.5	55	9	34½	2.60	13.3	0.49	3.7	1.20	3.5	23.72	278
NR	Carnival Cruise Lines	NA	26	8	19⅝	1.59	12.3	2.51	20.4	0.40	2.0	5.59	2,642
238	Carolina Freight	426.2	43	3	18¾	1.47	12.8	0.18	1.5	0.60	3.2	20.11	123
561	Carolina Power & Lt	136.0	46	14	45⅛	4.06	11.1	1.49	14.7	2.84	6.3	28.66	3,627
705	Carpenter Technology	59.2	58	26	47¾	3.30	14.5	0.70	4.8	2.40	5.0	34.68	439
NR	Carter Hawley Hale	NA	15	7	8⅜	0.36	23.3	0.07	0.3	none	0.0	–9.18	193
34	Carter-Wallace	1483.0	76	3	58⅜	3.18	18.4	1.66	9.1	0.82	1.4	19.80	886
NR	Casey's General Store	NA	20	3	10¼	0.53	19.3	0.26	1.4	none	0.0	6.22	117
410	AM Castle & Co	229.0	17	3	13	1.29	10.1	0.18	1.8	0.68	5.2	9.11	93
NR	Castle & Cooke	NA	45	10	36⅝	1.49	24.6	0.83	3.5	none	0.0	12.53	2,170
795	Caterpillar	3.7	75	28	56	5.46	10.3	0.52	5.0	1.20	2.1	40.56	5,679
832	CBI Industries	–21.9	71	16	29⅞	0.98	30.5	0.39	1.8	0.60	2.0	22.30	570
358	CBS	282.8	226	33	200½	10.92	18.4	1.65	9.8	4.40	2.2	97.96	4,733
16	CDI	2391.7	19	†	15	1.02	14.7	0.35	2.3	none	0.0	4.15	296
236	Centel	427.6	68	9	59½	4.08	14.6	3.17	22.8	1.28	2.2	16.46	3,344

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NR	**Centerior Energy**	NA	28	12	20	–0.52	def	1.26	def	1.60	8.0	19.68	2,816
NR	**Centex**	NA	42	15	33⅛	3.52	9.4	0.25	2.8	0.40	1.2	26.56	479
511	**Central & So West**	157.6	41	11	36⅜	3.00	12.1	1.37	11.3	2.60	7.1	27.49	3,433
765	**Central Hudson G&E**	22.0	40	15	22⅞	2.31	9.9	0.73	8.6	1.76	7.7	21.24	333
631	**Central Ill Pub Svc**	97.9	31	9	23¾	2.37	10.0	1.35	14.5	1.80	7.6	17.38	812
723	**Central Maine Power**	48.1	21	7	19¼	1.47	13.1	0.63	5.4	1.52	7.9	15.46	439
NR	**Central Newspapers**	NA	26	21	24⅜	1.23	19.8	1.51	7.6	none	0.0	8.66	649
486	**Central Steel & Wire**	181.3	675	210	675	77.16	8.7	0.33	3.8	70.00	10.4	500.00	199
NR	**CenTrust Savings Bank**	NA	13	1	1⅞	–6.63	def	0.02	def	none	0.0	26.87	16
749	**Champion Intl**	28.8	45	11	30¾	4.74	6.5	0.56	8.6	1.10	3.6	35.06	2,933
142	**Charming Shoppes**	623.5	37	1	11¼	0.88	12.8	0.73	5.8	0.12	1.1	4.58	562
880	**Charter**	–86.4	44	1	4¾	0.13	36.5	0.35	1.0	none	0.0	2.95	224
654	**Chase Manhattan**	85.8	50	15	35⅞	–7.08	def	0.27	def	2.36	6.6	47.19	3,737
600	**Chemed**	116.7	45	14	35¾	2.55	14.0	0.57	4.3	1.84	5.1	15.10	335
634	**Chemical Banking**	96.6	56	14	32	–5.09	def	0.25	def	2.72	8.5	47.81	2,050
580	**Chesapeake**	127.4	27	5	18	2.56	7.0	0.47	6.7	0.72	4.0	13.66	368
584	**Chevron**	125.7	69	23	63⅞	3.82	16.7	0.79	4.8	2.80	4.4	43.23	21,768
NR	**Child World**	NA	20	7	14⅞	0.81	18.4	0.20	1.1	none	0.0	18.17	170
154	**Chrysler**	571.0	48	1	20⅛	6.27	3.2	0.12	3.9	1.20	6.0	32.58	4,685
228	**Chubb**	437.3	92	13	90⅞	9.39	9.7	0.89	9.6	2.32	2.6	55.49	3,688
NR	**Cigna**	NA	77	27	65⅜	6.16	10.6	0.33	3.3	2.96	4.5	64.54	5,139
525	**CILcorp**	152.5	43	11	37¼	3.56	10.5	1.12	10.7	2.46	6.6	24.65	503
132	**Cincinnati Bell**	649.3	35	3	25⅞	1.40	18.5	1.85	10.2	0.68	2.6	8.32	1,610
152	**Cincinnati Financial**	580.2	83	9	77¾	7.18	10.8	1.31	12.1	2.16	2.8	50.39	1,259
664	**Cincinnati G&E**	81.2	31	8	30⅛	3.98	7.6	1.08	15.8	2.32	7.7	22.94	1,506
823	**Cincinnati Milacron**	–15.6	47	14	16¼	0.81	20.1	0.47	2.4	0.72	4.4	9.14	393
771	**Circle K**	19.4	19	2	5¼	0.09	58.3	0.06	0.3	none	0.0	7.12	229
1	**Circuit City Stores**	9287.0	27	†	24½	1.56	15.7	0.59	3.8	0.08	0.3	6.05	1,108
NR	**Circus Circus**	NA	57	6	47¾	2.40	19.9	2.80	14.0	none	0.0	4.80	1,441
529	**Citicorp**	150.5	36	8	29¾	5.32	5.6	0.26	5.1	1.62	5.4	25.93	9,492
256	**Citizens & Southern**	408.2	36	5	31⅛	3.59	8.7	0.81	9.8	1.40	4.5	19.97	1,916
878	**CityFed Financial**	–83.2[a]	18	†	½	–13.93	def	0.01	def	0.04	9.1	14.13	8
811	**Clark Equipment**	–7.8	44	15	35⅝	3.35	10.6	0.44	4.2	none	0.0	27.68	604
106	**Clorox**	741.6	45	3	43⅛	2.30	18.8	1.72	9.2	1.24	2.9	14.19	2,389
669	**CMS Energy**	79.5	39	4	33⅞	3.78	9.0	0.94	10.5	0.40	1.2	20.23	2,785
188	**CNA Financial**	503.9	98	10	96⅝	11.17	8.7	0.67	7.9	none	0.0	54.87	6,019
519	**Coachmen Industries**	154.5	40	2	7	–0.18	def	0.16	def	0.40	5.7	9.94	53
NR	**Coast Savings Finl**	NA	22	11	14	–4.27	def	0.15	def	0.40	2.9	37.03	184
445	**Coastal Corp**	202.4	46	5	43⅜	2.88	15.1	0.34	2.0	0.40	0.9	21.10	2,934
167	**Coca-Cola**	543.5	75	9	74	3.38	21.9	3.00	13.7	1.36	1.8	8.58	26,254
NR	**Coca-Cola Enterprises**	NA	21	10	15⅞	0.79	20.1	0.55	3.2	0.05	0.3	11.73	2,110
304	**Colgate-Palmolive**	328.7	65	11	61⅝	4.94	12.5	0.86	6.9	1.80	2.9	16.48	4,257
84	**Collins Foods Intl**	825.5	24	1	20⅝	1.28	16.1	0.85	5.3	0.20	1.0	10.08	464
766	**Columbia Gas System**	21.9	57	26	46	2.78	16.5	0.74	4.5	2.00	4.3	34.18	2,089
590	**Columbia S&L Assn**	122.2[a]	17	1	3¾	–10.45	def	0.06	def	0.28	7.5	23.29	75
746	**Combustion Eng**	31.2	55	20	38⅞	–3.50	def	0.41	def	1.00	2.6	15.33	1,504
35	**Comcast**	1428.7	20	†	16¼	–1.22	def	3.10	def	0.11	0.7	2.05	1,634
68	**Comdisco**	956.0	37	1	24⅞	2.57	9.7	0.61	6.4	0.24	1.0	10.89	1,028
403	**Comerica**	234.0	59	11	52	4.60	11.3	0.67	6.3	2.40	4.6	37.90	817
261	**Commerce Bcshs**	403.3	30	4	28⅝	2.98	9.6	1.01	10.4	0.64	2.2	20.00	555
374	**Commerce Clearing**	265.4	71	12	47½	2.27	20.9	1.28	6.1	1.40	2.9	11.99	853
NR	**Commercial Federal**	NA	19	3	5	0.70	7.1	0.05	0.8	none	0.0	18.75	35
427	**Commercial Metals**	213.2	24	4	20¾	2.46	8.4	0.17	2.2	0.44	2.1	14.83	223
640	**Commonwealth Ed**	92.5	39	16	38½	2.98	12.9	1.41	12.6	3.00	7.8	32.51	8,143
504	**Commonwealth Energy**	163.2	46	11	37½	3.83	9.8	0.47	5.0	2.80	7.5	30.51	361
NR	**Commtron**	NA	11	1	8⅞	0.78	11.4	0.16	1.4	none	0.0	4.58	89
NR	**Communications Trans**	NA	12	4	4⅛	–3.12	def	0.11	def	none	0.0	0.18	44
NR	**Compaq Computer**	NA	113	3	91	8.18	11.1	1.27	12.6	none	0.0	21.13	3,508
48	**Computer Associates**	1246.8[b]	22	†	12	0.84	14.3	1.85	11.4	none	0.0	2.23	2,227
473	**Computer Sciences**	184.9	73	11	54⅛	3.46	15.6	0.60	3.9	none	0.0	24.62	854
42	**ConAgra**	1304.3	28	1	26⅞	1.71	15.7	0.26	1.7	0.60	2.2	7.84	3,247
NR	**Conseco**	NA	27	7	24⅜	7.21	3.4	0.18	7.6	0.20	0.8	12.50	107
303	**Consolidated Edison**	328.8	28	4	26	2.45	10.6	1.10	11.0	1.72	6.6	18.39	5,928

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Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank	Company	10-year price change %	1980-89 price range high	1980-89 price range low	Recent price	Latest 12-mos earnings per share $	Price/ earnings ratio	Price/ sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
418	**Consol Freightways**	224.2	41	6	26¾	2.04	13.1	0.29	2.3	1.06	4.0	20.32	1,009
305	**Consol Natural Gas**	328.3	51	9	43½	1.89	23.0	1.38	6.0	1.76	4.0	19.83	3,585
204	**Consolidated Papers**	487.1	44	5	40	3.68	10.9	1.87	17.2	1.20	3.0	16.46	1,744
NR	**Consolidated Rail**	NA	46	20	42¾	4.47	9.6	0.84	8.8	1.40	3.3	59.00	2,929
NR	**Consolidated Stores**	NA	24	2	3⅝	0.26	14.0	0.27	1.9	none	0.0	3.33	164
297	**Constar Intl**	336.9	33	6	31⅛	3.07	10.1	0.38	3.4	0.64	2.1	14.14	210
363	**Contel**	278.3	37	6	30½	1.59	19.2	1.54	8.1	1.10	3.6	9.94	4,830
NR	**Continental Bank**	NA	26	9	22¼	5.23	4.3	0.26	9.1	1.00	4.5	22.57	905
755	**Continental Corp**	24.4	55	20	33⅛	–0.57	def	0.29	def	2.60	7.8	41.26	1,785
843	**Control Data**	–35.5	64	15	17½	–11.82	def	0.22	def	none	0.0	24.97	731
596	**Cooper Industries**	118.5	38	9	33¼	2.46	13.5	0.69	5.2	1.00	3.0	17.43	3,371
19	**Cooper Tire & Rubber**	2248.8	39	1	34⅞	2.64	13.2	0.84	6.3	0.36	1.0	12.60	713
711	**Adolph Coors**	54.3	32	9	20¼	0.96	21.1	0.44	2.1	0.50	2.5	28.96	743
NR	**Copperweld**	NA	16	5	13⅜	1.87	7.2	0.39	6.1	0.40	3.0	10.69	117
189	**CoreStates Financial**	503.4	50	5	43¾	4.95	8.8	0.94	10.6	1.92	4.4	28.40	1,722
474	**Corning**	184.9	43	9	39⅞	2.60	15.4	1.49	10.0	0.80	2.0	17.57	3,544
452	**Corroon & Black**	198.1	44	8	40¼	2.19	18.4	1.52	8.2	1.24	3.1	12.73	689
NR	**Costco Wholesale**	NA	33	5	32½	0.97	33.5	0.33	0.9	none	0.0	4.32	1,003
286	**CPC International**	355.5	70	13	68¾	4.11	16.7	1.08	6.4	1.80	2.6	15.25	5,386
NR	**Crane**	NA	25	14	21⅛	1.30	16.3	0.48	2.9	0.75	3.5	8.37	697
323	**Cray Research**	311.0	136	6	32⅞	4.04	8.1	1.22	15.9	none	0.0	23.14	962
279	**Crestar Financial**	371.2	36	5	29¾	3.18	9.4	0.73	8.6	1.20	4.0	21.13	841
867	**Cross & Trecker**	–72.8	42	5	6	–3.76	def	0.16	def	none	0.0	13.46	74
NR	**CrossLand Savings FSB**	NA	25	3	4⅛	–13.03	def	0.04	def	none	0.0	32.91	60
824	**Crown Central Pet**	–17.9	44	9	30¼	3.92	7.7	0.16	2.8	0.40	1.3	29.43	189
244	**Crown Cork & Seal**	422.8	57	7	50¾	3.52	14.4	0.73	5.0	none	0.0	23.98	1,371
185	**CRS**	504.4	22	2	17⅛	1.30	13.1	0.18	2.7	0.12	0.7	6.89	110
NR	**Crystal Brands**	NA	38	12	33⅛	2.91	11.4	0.37	3.3	0.20	0.6	24.36	299
613	**CSX**	108.9ᵃ	42	12	33¼	3.92	8.5	0.46	5.8	1.40	4.2	30.37	3,547
86	**Culbro**	814.2	59	3	36	–0.59	def	0.16	def	0.80	2.2	29.31	155
698	**Cummins Engine**	66.5	95	25	51⅝	–5.66	def	0.16	def	2.20	4.3	57.73	550
227	**Curtice Burns Foods**	437.8	41	4	36¼	2.70	13.4	0.24	1.8	0.88	2.4	16.93	203
NR	**Cyclops Industries**	NA	50	19	32	5.77	5.5	0.19	3.5	none	0.0	4.98	222
NR	**Cyprus Minerals**	NA	33	9	26⅜	6.73	3.9	0.59	15.6	0.80	3.0	25.49	1,037
NR	**Dairy Mart**	NA	15	3	7½	0.28	26.8	0.05	0.2	none	0.0	7.18	31
728	**Dallas Corp**	44.6	24	7	23½	0.24	97.9	0.54	0.6	0.66	2.8	12.96	175
632	**Dana**	97.4	54	11	33⅞	3.81	8.9	0.26	3.0	1.60	4.7	23.61	1,377
141	**Danaher**	629.8	20	1	16⅞	1.77	9.5	0.55	5.6	none	0.0	6.33	416
66	**Dart Group**	966.7	179	7	92	10.93	8.4	0.19	2.4	0.13	0.1	145.62	160
855	**Data General**	–49.9	76	10	13¾	–4.10	def	0.30	def	none	0.0	21.51	391
NR	**Datapoint**	NA	9	3	3⅞	–3.88	def	0.13	def	none	0.0	6.10	39
178	**Dayton Hudson**	519.5	67	9	65⅝	4.27	15.4	0.35	2.6	1.12	1.7	23.97	4,643
53	**Dean Foods**	1215.2	39	2	32⅜	2.31	14.1	0.50	3.5	0.66	2.0	11.15	858
726	**Deere & Co**	45.4	64	21	56⅞	4.78	11.9	0.71	6.0	1.40	2.5	32.92	4,244
NR	**Delchamps**	NA	31	9	27½	1.73	15.9	0.21	1.4	0.40	1.5	13.01	196
566	**Delmarva Power & Lt**	133.2	25	6	19⅝	1.66	11.8	1.16	10.8	1.50	7.6	13.28	906
395	**Delta Air Lines**	243.1	86	15	67⅛	9.87	6.8	0.39	5.9	1.20	1.8	53.17	3,307
NR	**Delta Woodside Inds**	NA	18	5	11⅞	1.53	7.8	0.39	5.0	0.30	2.5	6.82	222
123	**Deluxe**	674.7	42	4	34⅜	1.75	19.6	2.27	11.5	1.04	3.0	6.65	2,935
629	**Dennison Mfg**	99.0	36	10	23⅞	2.37	10.1	0.48	4.9	1.32	5.5	17.91	370
344	**DeSoto**	293.7	53	10	46¾	–2.15	def	0.46	def	0.40	0.9	24.28	188
626	**Detroit Edison**	100.0	25	10	24¾	–1.10	def	1.15	def	1.68	6.8	15.64	3,633
533	**Dexter**	147.3	35	7	22½	1.74	12.9	0.66	5.1	0.88	3.9	12.36	559
568	**Di Giorgio**	133.0	36	7	30	1.79	16.8	0.13	0.8	0.64	2.1	15.96	151
NR	**Diamond Shamrock R&M**	NA	29	7	20½	3.01	6.8	0.25	4.0	0.44	2.1	13.61	491
52	**Dibrell Brothers**	1224.0	29	1	25½	2.46	10.4	0.24	2.3	0.68	2.7	11.35	169
512	**Diebold**	157.3	68	12	36⅞	2.62	14.1	1.06	7.5	1.40	3.8	27.40	486
532	**Digital Equipment**	147.5	200	28	85¼	7.94	10.7	0.80	7.7	none	0.0	66.12	10,361
8	**Dillard Dept Stores**	3705.8	74	1	69	3.74	18.4	0.82	4.5	0.20	0.3	23.39	2,218
NR	**Dime Savings Bank FSB**	NA	27	11	12	0.74	16.2	0.24	1.5	0.60	5.0	31.97	274
61	**Walt Disney**	1039.9	136	10	127⅞	5.10	25.1	3.71	15.3	0.48	0.4	17.71	17,034
435	**Diversified Energies**	210.1	35	8	34½	1.53	22.5	0.67	3.0	1.56	4.5	17.17	551
219	**Dixie Yarns**	451.7	34	2	14¼	1.39	10.3	0.27	2.5	0.68	4.8	18.46	157

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183	**Dollar General**	508.6	29	1	10	0.61	16.4	0.30	1.8	0.20	2.0	6.12	182
467	**Dominion Bankshares**	188.4	26	5	21⅝	2.37	9.1	0.81	8.9	0.88	4.1	14.66	830
462	**Dominion Resources**	193.7	52	13	46¼	3.86	12.0	1.26	10.6	3.32	7.2	32.86	4,538
159	**RR Donnelley & Sons**	563.7	48	5	46¼	2.81	16.5	1.16	7.0	0.88	1.9	16.69	3,593
336	**Dover**	300.0	40	7	31¾	2.26	14.0	0.99	6.9	0.72	2.3	11.37	2,070
466	**Dow Chemical**	189.5	73	13	62	9.90	6.3	0.97	15.3	2.60	4.2	26.35	17,069
225	**Dow Jones**	442.3	56	5	36⅜	3.18	11.4	2.21	19.3	0.72	2.0	11.51	3,668
624	**DPL**	100.9	31	11	29⅛	3.11	9.4	1.26	13.5	2.24	7.7	20.45	1,206
699	**DQE**	66.1	24	10	22⅝	2.00	11.3	1.17	10.1	1.28	5.7	18.51	1,309
833	**Dravo**	–24.4	33	8	15⅝	–0.56	def	0.82	def	none	0.0	6.33	230
708	**Dresser Industries**	56.3	57	12	40⅝	2.35	17.3	0.71	4.1	1.00	2.5	22.38	2,732
NR	**Drug Emporium**	NA	16	6	8⅜	0.69	12.1	0.24	2.0	0.20	2.4	3.64	106
484	**EI du Pont de Nemours**	181.7	131	30	113¾	10.54	10.8	0.78	7.1	4.80	4.2	64.08	27,236
443	**Duke Power**	203.7	53	13	52⅜	4.16	12.6	1.47	13.1	3.12	6.0	34.00	5,305
329	**Dun & Bradstreet**	305.7	72	8	44½	3.06	14.5	1.94	13.3	2.00	4.5	11.18	8,330
95	**Durr-Fillauer**	774.1	23	2	20¾	1.62	12.8	0.31	2.1	0.24	1.2	8.68	207
103	**DWG**	749.1	16	†	13½	–0.61	def	0.29	def	none	0.0	4.94	348
316	**E-Systems**	318.3	45	6	34⅜	2.57	13.4	0.67	5.1	0.50	1.5	15.89	1,062
854	**Eagle-Picher Inds**	–49.7	53	8	10	–42.40	def	0.14	def	none	0.0	–25.05	107
731	**Eastern Enterprises**	43.4	34	14	31	2.52	12.3	0.91	7.4	1.40	4.5	20.41	718
628	**Eastman Kodak**	99.3	71	19	42⅝	2.78	15.3	0.77	5.0	2.00	4.7	20.91	13,820
421	**Eaton**	216.9	72	13	54⅛	5.91	9.2	0.55	6.0	2.00	3.7	31.24	2,007
671	**Echlin**	79.1	25	5	13⅞	0.80	17.4	0.53	3.1	0.70	5.0	11.39	773
569	**Ecolab**	130.9	36	8	28	1.34	20.9	0.60	2.9	0.66	2.4	15.84	766
NR	**Edison Bros Stores**	NA	69	21	64¾	4.88	13.3	0.65	4.9	1.80	2.8	21.23	649
105	**AG Edwards**	742.5	39	2	24⅛	2.32	10.4	0.98	9.4	0.68	2.8	13.25	548
453	**EG&G**	197.7	45	11	36⅜	2.35	15.5	0.68	4.3	0.76	2.1	11.07	1,092
808	**El Paso Electric**	–4.1	22	6	8⅝	–2.90	def	0.73	def	none	0.0	15.22	303
431	**Emerson Electric**	211.8	42	9	36½	2.63	13.9	1.16	8.3	1.26	3.5	12.51	8,226
251	**Emerson Radio**	414.1	13	†	6	0.38	15.8	0.25	1.6	none	0.0	2.47	218
NR	**Empire of America**	NA	7	†	⅜	–15.63	def	0.00	def	none	0.0	5.70	6
736	**Engelhard**	38.4b	30	11	22⅜	1.95	11.5	0.40	3.5	0.56	2.5	17.00	1,001
682	**Enron**	75.2	55	21	51¼	2.28	22.5	0.42	2.4	2.48	4.8	30.95	2,427
781	**Enserch**	12.7	40	13	21⅞	0.69	31.7	0.52	2.0	0.80	3.7	9.71	1,407
757	**Enstar Group**	24.2	19	2	3⅛	–3.11	def	0.22	def	none	0.0	7.20	172
692	**Entergy**	70.3	23	7	21½	–2.09	def	1.17	def	1.00	4.7	23.96	4,398
63	**Equifax**	991.3	20	1	17⅝	0.81	21.6	1.05	4.8	0.46	2.6	4.60	862
517	**Equitable of Iowa**	154.8	36	9	31⅛	3.15	10.0	0.39	4.4	1.08	3.4	33.47	220
243	**Equitable Resources**	423.5	47	5	38	2.14	17.8	1.84	10.4	1.34	3.5	22.90	793
NR	**Esselte Business Sys**	NA	46	12	45⅛	2.77	16.3	0.66	4.0	0.96	2.1	22.75	926
140	**Ethyl**	630.7	32	2	26⅜	1.76	15.0	1.35	8.9	0.48	1.8	7.01	3,183
405	**Exxon**	232.0	50	12	45¾	3.05	15.0	0.71	4.7	2.40	5.2	24.65	58,958
232	**Family Dollar Stores**	429.4	28	1	10	0.78	12.8	0.37	2.8	0.36	3.6	6.03	277
170	**Fay's**	537.0	15	1	11¼	0.77	14.6	0.30	2.1	0.20	1.8	3.91	170
314	**Federal Express**	319.3	76	9	48⅞	2.84	17.2	0.45	2.6	none	0.0	28.59	2,553
549	**Federal-Mogul**	141.8	30	6	19½	1.59	12.3	0.44	3.7	0.92	4.7	14.45	489
127	**Federal Natl Mortgage**	658.1	46	2	40¾	2.89	14.1	0.85	6.4	0.56	1.4	9.58	9,616
420	**Federal Paper Board**	217.0	30	4	23⅜	5.03	4.6	0.73	16.3	1.00	4.3	14.36	914
308	**Ferro**	325.8	41	5	29⅝	2.26	13.1	0.57	4.6	0.64	2.2	14.29	613
NR	**FHP International**	NA	51	5	46	2.17	21.2	0.75	3.3	none	0.0	8.88	568
722	**Fieldcrest Cannon**	48.8	43	8	19¼	1.98	9.7	0.15	1.5	0.80	4.2	25.73	198
121	**Figgie Intl**	680.7	97	8	81	9.07	8.9	0.45	4.9	1.20	1.5	52.54	602
883	**Fin Cp Santa Barbara**	–92.5	19	†	1	–4.96	def	0.01	def	none	0.0	5.59	6
NR	**Finevest Foods**	NA	14	6	7½	–1.10	def	0.12	def	0.12	1.6	5.71	80
NR	**Fireman's Fund**	NA	45	24	36	2.88	12.5	0.37	4.5	0.60	1.7	34.83	1,310
392	**First American Corp**	245.0	35	5	23	0.79	29.1	0.71	2.4	1.25	5.4	19.91	529
564	**First American Finl**	134.8	35	4	27	1.91	14.1	0.19	1.4	0.70	2.6	29.98	133
690	**First Bank System**	70.9	37	6	16⅞	–5.58	def	0.50	def	1.64	9.7	14.37	1,032
NR	**First Capital Holding**	NA	27	†	11⅛	1.95	5.9	0.39	7.5	none	0.0	7.24	357
513	**First Chicago**	157.3	50	10	39⅞	5.40	7.4	0.46	7.0	1.80	4.5	31.51	2,485
115	**First Executive**	714.4	20	†	10⅞	0.30	36.1	0.40	2.3	none	0.0	13.29	921
480	**First Fidelity Bncp**	183.4	47	7	28	–0.48	def	0.54	def	2.00	7.1	24.05	1,615

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WHO'S WHERE IN THE STOCK MARKET

Rank	Company	10-year price change %	1980-89 price range high	1980-89 price range low	Recent price	Latest 12-mos earnings per share $	Price/ earnings ratio	Price/ sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
NR	**First Financial Mgmt**	NA	39	5	34½	2.16	16.0	1.12	7.8	0.10	0.3	15.48	620
675	**First Interstate Bncp**	78.5	70	21	56	5.77	9.7	0.39	4.5	3.00	5.4	41.14	2,559
292	**First of America Bank**	347.7	56	7	49¼	7.03	7.0	0.60	10.4	2.20	4.5	45.31	612
655	**First Pennsylvania**	85.7	17	2	16¼	1.20	13.5	0.85	8.8	none	0.0	6.59	619
691	**First Security**	70.7	36	14	33½	3.29	10.2	0.70	6.9	1.28	3.8	31.18	411
387	**First Tennessee Natl**	248.4	37	6	27	1.89	14.3	0.62	4.4	1.60	5.9	23.56	427
274	**First Union**	380.6	30	3	22⅝	2.69	8.4	0.75	8.9	1.00	4.4	17.98	2,421
241	**First Wachovia**	424.5	45	6	39⅞	3.77	10.6	1.16	11.1	1.52	3.8	22.63	2,744
242	**Firstar**	424.0	34	4	32⅝	3.59	9.1	0.79	9.3	1.12	3.4	21.26	704
NR	**FirstFed Michigan**	NA	30	5	14¾	0.48	30.7	0.14	0.5	0.60	4.1	38.25	162
858	**Fischbach**	–55.9	56	6	11⅝	–7.81	def	0.06	def	none	0.0	25.12	45
186	**Fleet/Norstar Finl**	504.4	31	3	26⅝	3.30	8.1	0.82	10.5	1.28	4.8	17.80	2,861
249	**Fleetwood Enterprises**	416.3	42	2	23⅞	2.91	8.2	0.34	4.2	0.76	3.2	17.49	547
398	**Fleming Cos**	240.0	46	7	29¾	2.64	11.3	0.07	0.7	1.00	3.4	21.79	865
NR	**Florida Federal**	NA	23	†	⅛	–7.71	def	0.01	def	none	0.0	3.80	5
202	**Florida Natl Banks**	488.0	29	3	24½	–1.24	def	0.82	def	0.52	2.1	17.95	651
494	**Florida Progress**	173.5	47	10	38⅝	3.77	10.2	0.95	9.3	2.56	6.6	25.80	1,972
NR	**Florida Rock Inds**	NA	42	3	35½	2.64	13.4	0.75	5.6	0.50	1.4	15.30	327
94	**Flowers Industries**	775.7	22	1	18⅜	0.77	23.9	0.79	3.3	0.58	3.2	6.05	633
776	**Fluor**	15.9	71	11	30½	1.29	23.6	0.39	1.7	0.16	0.5	7.61	2,411
122	**FMC**	676.6	60	3	35⅝	4.45	8.0	0.35	4.6	none	0.0	–6.53	1,221
26	**Food Lion**	1825.5	15	†	11⅜	0.40	28.4	0.82	2.9	0.10	0.9	1.34	3,663
177	**Foodarama Supermkts**	521.1	39	3	29½	0.96	30.7	0.06	0.2	none	0.0	26.67	34
174	**Ford Motor**	525.8	57	3	44½	9.94	4.5	0.22	4.9	3.00	6.7	45.17	21,209
400	**Foremost Corp of Amer**	238.1[c]	44	8	35½	1.83	19.4	0.95	4.8	1.08	3.0	16.69	431
868	**LB Foster**	–73.7[b]	18	1	3¾	0.35	10.7	0.15	1.4	none	0.0	4.65	37
735	**Foster Wheeler**	38.7	30	9	18⅜	0.89	20.7	0.53	2.6	0.44	2.4	12.79	649
818	**Foxboro**	–12.3	48	18	22	1.19	18.5	0.46	2.5	0.40	1.8	15.85	271
490	**FPL Group**	176.0	38	9	34½	3.25	10.6	0.74	7.0	2.28	6.6	24.90	4,524
768	**Freeport-McMoRan**	20.8	41	12	29⅜	2.53	11.6	0.76	9.0	2.50	8.5	13.78	1,559
727	**Fremont General**	45.0	34	5	17⅞	0.86	20.8	0.32	1.5	0.80	4.5	19.09	145
NR	**Fruit of the Loom**	NA	16	3	12⅞	1.46	8.8	0.64	7.2	none	0.0	4.19	793
353	**HB Fuller**	287.1	49	4	22½	1.62	13.9	0.29	2.1	0.58	2.6	18.81	213
210	**Fuqua Industries**	470.4	38	2	26⅜	–0.07	def	0.60	def	0.32	1.2	17.41	558
350	**Gannett**	288.9	56	8	41⅜	2.42	17.1	1.93	11.2	1.20	2.9	11.09	6,665
7	**Gap**	3719.2	78	†	51¾	2.70	19.2	1.24	6.5	0.76	1.5	7.87	1,818
697	**GATX**	66.7	76	20	61¼	6.09	10.1	0.89	9.1	2.00	3.3	29.18	581
NR	**Gaylord Container**	NA	22	7	8¼	2.48	3.3	0.17	5.3	none	0.0	9.24	126
56	**Geico**	1124.3	156	8	145⅝	11.12	13.1	1.20	9.3	1.80	1.2	49.05	2,245
592	**GenCorp**	121.0	40	3	13⅝	7.68	1.8	0.22	12.6	0.60	4.4	–1.13	432
83	**General Cinema**	826.9	32	2	27⅜	13.09	2.1	0.93	48.0	0.44	1.6	8.25	1,879
NR	**General Development**	NA	27	8	12	0.43	27.9	0.16	1.0	none	0.0	23.51	101
696	**General Dynamics**	67.4	89	18	50⅝	7.67	6.6	0.21	3.2	1.00	2.0	46.10	2,111
291	**General Electric**	348.4	66	11	56¾	4.18	13.6	0.95	7.0	1.64	2.9	20.47	51,195
595	**General Host**	119.0	26	1	5⅞	–1.00	def	0.24	def	0.30	5.1	8.64	117
556	**General Instrument**	138.2	67	12	40½	2.95	13.7	0.80	7.1	0.50	1.2	18.68	1,095
330	**General Mills**	304.9[b]	74	20	72⅝	3.79	19.2	1.01	5.4	2.20	3.0	9.08	5,854
686	**General Motors**	73.5	51	17	43⅜	7.45	5.8	0.21	3.8	3.00	6.9	50.87	26,385
NR	**General Motors EDS**	NA	58	18	57⅛	3.47	16.5	1.33	8.0	0.96	1.7	11.52	6,964
NR	**GM Hughes Electronics**	NA	41	16	28⅝	1.91	15.0	0.33	6.8	0.72	2.5	58.81	3,676
246	**General Public Utils**	421.7	46	3	45	4.86	9.3	0.91	9.6	2.20	4.9	34.88	2,611
124	**General Re**	674.3	96	9	93⅞	6.50	14.4	3.23	22.2	1.36	1.4	29.04	8,711
763	**General Signal**	23.6	61	28	46½	3.71	12.5	0.47	4.0	1.80	3.9	24.19	886
626	**Genesco**	100.0	11	2	8	0.98	8.2	0.38	4.1	none	0.0	3.98	181
NR	**Genlyte Group**	NA	14	7	11	0.91	12.1	0.28	2.3	none	0.0	2.77	140
377	**Genuine Parts**	258.4	44	8	37⅝	2.52	14.9	0.93	6.2	1.20	3.2	11.16	2,911
NR	**Georgia Gulf**	NA	60	9	54	7.79	6.9	1.16	17.9	1.00	1.9	10.44	1,324
676	**Georgia-Pacific**	78.2	62	13	47	6.93	6.8	0.43	6.1	1.60	3.4	27.79	4,457
93	**Gerber Products**	778.7	52	3	46⅛	2.46	18.8	1.59	8.5	0.96	2.1	8.68	1,756
113	**Getty Petroleum**	720.4	26	2	18½	2.01	9.2	0.22	2.4	0.20	1.1	8.51	235
25	**Giant Food**	1834.5	36	1	28⅝	1.76	16.3	0.55	3.4	0.50	1.7	7.11	1,722
NR	**Gibson Greetings**	NA	29	10	22⅞	2.44	9.4	0.82	8.8	0.34	1.5	11.99	355

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145	**Gillette**	**605.2**	50	4	46½	2.65	17.5	1.20	7.1	0.96	2.1	–0.88	4,493
NR	**Gitano Group**	**NA**	40	14	33¼	2.00	16.6	0.83	5.1	none	0.0	6.86	463
92	**PH Glatfelter**	**779.2**	49	3	42½	3.90	10.9	1.70	15.7	1.00	2.4	13.96	1,020
NR	**GlenFed**	**NA**	34	6	17⅞	3.49	5.1	0.20	3.9	1.20	6.7	37.98	540
126	**Golden West Finl**	**659.3**	34	1	27	2.44	11.1	0.93	8.4	0.16	0.6	14.27	1,696
NR	**Goldome**	**NA**	8	1	2⅝	–12.03	def	0.06	def	none	0.0	11.49	74
585	**BF Goodrich**	**125.5**	69	16	44¼	6.89	6.4	0.45	7.4	2.00	4.5	45.81	1,115
378	**Goodyear**	**257.3**	77	10	46	4.31	10.7	0.24	2.3	1.80	3.9	35.30	2,642
721	**Goulds Pumps**	**49.5**	25	10	17	1.28	13.3	0.70	5.2	0.76	4.5	9.66	346
724	**WR Grace**	**46.9**	39	14	29¾	2.89	10.3	0.42	4.1	1.40	4.7	18.18	2,526
429	**WW Grainger**	**212.4**	72	12	58⅜	4.12	14.2	0.95	6.8	1.04	1.8	23.39	1,586
NR	**Great American Bank**	**NA**	25	5	7¾	–1.61	def	0.11	def	0.20	2.6	27.31	185
138	**Great American Mgmt**	**638.5**	34	2	24	0.06	400.0	0.16	0.1	none	0.0	17.44	267
60	**Great A&P Tea**	**1054.9**	65	3	60⅝	3.69	16.4	0.22	1.3	0.70	1.2	25.42	2,315
296	**Great Lakes Chemical**	**343.7**	46	6	41⅞	3.41	12.3	2.06	16.8	0.40	1.0	13.83	1,461
211	**Gt Northern Nekoosa**	**467.6**	63	9	61¼	6.42	9.5	0.86	9.1	1.32	2.2	28.03	3,350
589	**Gt Western Financial**	**123.1**	25	3	19⅝	1.84	10.7	0.68	6.4	0.80	4.1	15.50	2,515
601	**Greyhound**	**116.6**	46	12	31⅛	2.66	11.7	0.34	3.0	1.32	4.2	25.88	1,185
NR	**Grossman's**	**NA**	12	4	4½	0.64	7.0	0.10	1.5	none	0.0	3.88	118
527	**Grow Group**	**151.3**	16	3	9	0.64	14.1	0.25	2.0	none	0.0	4.16	102
700	**Grumman**	**65.9**	36	8	18¼	2.20	8.3	0.16	2.1	1.00	5.5	23.90	597
382	**GTE**	**253.8**	67	15	66⅝	3.97	16.8	1.27	7.9	2.92	4.4	24.93	21,741
368	**Guilford Mills**	**273.9**	40	5	24⅛	2.56	9.4	0.38	4.1	0.80	3.3	21.18	237
790	**Gulf States Utils**	**6.8**	17	4	11¾	–0.40	def	0.80	1.3	none	0.0	18.74	1,270
841	**Hadson**	**–33.1**	29	2	2⅞	–0.52	def	0.14	def	none	0.0	4.31	108
814	**Halliburton**	**–8.5**	86	17	38⅞	0.92	42.3	0.77	1.8	1.00	2.6	19.80	4,137
65	**Handleman**	**981.5**	24	1	19⅝	1.34	14.7	0.94	6.4	0.40	2.0	6.01	639
816	**Handy & Harman**	**–9.8**	35	10	17¼	0.71	24.3	0.36	1.5	0.66	3.8	8.45	240
804	**MA Hanna**	**–1.7**	30	10	24¼	3.33	7.3	0.62	7.8	0.50	2.1	17.01	672
13	**Hannaford Bros**	**2722.0**	41	1	37¼	1.87	19.9	0.48	2.5	0.36	1.0	8.86	703
216	**Hanover Insurance**	**454.5**	38	4	32	4.58	7.0	0.41	5.9	0.44	1.4	32.02	660
NR	**Harcourt Brace**	**NA**	19	3	6½	–4.50	def	0.35	def	none	0.0	–20.38	473
860	**Harken Energy**	**–57.9**	26	†	4⅝	0.02	231.5	0.14	0.4	none	0.0	2.60	157
NR	**Harley-Davidson**	**NA**	43	7	36⅝	3.69	9.9	0.40	4.1	none	0.0	14.09	316
NR	**Harman International**	**NA**	24	6	21⅛	1.81	11.7	0.35	3.0	none	0.0	9.78	183
737	**Harnischfeger Inds**	**37.0**	30	5	18½	1.43	12.9	0.44	3.4	0.20	1.1	14.16	603
786	**Harris Corp**	**9.1**	60	20	35⅞	0.68	52.8	0.55	1.1	0.96	2.7	24.45	1,390
464	**Harsco**	**190.4**	39	9	30¼	–0.08	def	0.60	def	1.20	4.0	15.94	800
55	**Hartford Steam Boiler**	**1130.6**	59	2	50	3.74	13.4	2.17	16.3	1.60	3.2	13.72	1,022
335	**Hartmarx**	**300.3**	35	4	21⅛	1.50	14.1	0.31	2.3	1.20	5.7	19.21	394
2	**Hasbro**	**6606.1**	31	†	22⅛	1.51	14.7	0.94	6.4	0.16	0.7	12.59	1,299
434	**Hawaiian Electric**	**210.4**	38	9	37¼	3.02	12.3	0.91	7.4	2.16	5.8	25.17	770
NR	**Healthco Intl**	**NA**	24	10	15	1.17	12.8	0.27	2.2	none	0.0	18.96	115
221	**Hechinger**	**451.0**	27	2	12¾	0.98	13.0	0.40	3.0	0.06	0.5	10.14	461
78	**HJ Heinz**	**874.2**	33	2	32⅞	1.73	19.1	1.44	7.8	0.84	2.6	6.90	8,449
23	**Helene Curtis Inds**	**1871.4**	35	1	34½	1.79	19.3	0.48	2.4	0.20	0.6	13.75	331
NR	**Henley Group**	**NA**	74	58	59¾	NA	NA	NA	NA	none	0.0	NA	1,288
616	**Hercules**	**107.3**	74	15	42¾	2.94	14.5	0.64	4.5	2.24	5.2	44.58	1,960
101	**Hershey Foods**	**756.0**	38	3	35⅛	1.81	19.4	1.31	6.8	0.78	2.2	11.15	3,168
487	**Hewlett-Packard**	**178.2**	74	12	41⅛	3.52	11.7	0.81	7.0	0.42	1.0	19.35	9,633
NR	**Highland Superstores**	**NA**	39	4	4¾	–0.32	def	0.09	def	none	0.0	7.42	87
97	**Hillenbrand Inds**	**770.4**	41	3	38⅝	1.94	19.9	1.49	7.5	0.50	1.3	9.47	1,441
NR	**Hills Dept Stores**	**NA**	13	5	7⅝	–0.18	def	0.08	def	none	0.0	0.45	146
168	**Hilton Hotels**	**543.5**	116	12	101¾	2.45	41.5	5.10	12.4	1.00	1.0	17.02	4,867
NR	**Himont**	**NA**	54	23	50⅛	4.04	12.4	1.95	15.8	none	0.0	21.75	3,246
324	**Holiday**	**310.4^c**	89	13	73⅞	3.27	22.6	1.24	5.4	none	0.0	–25.59	1,963
150	**Holly Corp**	**584.7^c**	35	1	31¼	4.01	7.8	0.68	8.7	0.40	1.3	0.36	258
11	**Home Depot**	**3147.9^b**	38	†	35⅝	1.30	27.5	1.04	3.9	0.12	0.3	5.35	2,685
NR	**Home Shopping**	**NA**	47	3	5⅜	–0.25	def	0.61	def	none	0.0	1.62	475
NR	**HomeFed**	**NA**	48	11	32	5.33	6.0	0.37	6.2	0.20	0.6	45.30	674
792	**Homestead Financial**	**5.9**	13	†	1⅞	–1.91	def	0.05	def	none	0.0	11.58	21
313	**HON Industries**	**319.4**	33	6	32½	2.60	12.5	1.05	8.0	0.48	1.5	7.91	607

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Rank	Company	10-year price change %	1980-89 price range high	1980-89 price range low	Recent price	Latest 12-mos earnings per share $	Price/ earnings ratio	Price/ sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
639	Honeywell	94.0	92	29	80¾	–6.43	def	0.49	def	2.75	3.4	40.14	3,483
133	Geo A Hormel	647.3	34	3	32	1.83	17.5	0.52	3.0	0.52	1.6	10.93	1,226
799	Horn & Hardart	0.6	29	4	6⅜	–0.30	def	0.18	def	none	0.0	4.97	94
439	Household Intl	206.2	62	13	55½	6.56	8.5	0.60	7.4	2.14	3.9	32.99	1,939
673	Houston Industries	79.0	39	16	34¾	2.69	12.9	1.10	8.8	2.96	8.5	28.75	4,118
226	Hubbell	439.5	44	5	41¾	2.84	14.7	1.82	11.9	1.36	3.3	13.85	1,183
NR	Hudson Foods	NA	21	4	11⅜	1.70	6.7	0.24	3.7	0.12	1.1	6.32	148
544	Hughes Supply	143.8	22	5	17⅞	1.83	9.8	0.16	1.7	0.36	2.0	18.89	86
192	Humana	500.0	41	5	39⅜	2.56	15.4	0.94	6.3	1.04	2.6	11.80	3,855
254	Huntington Bcshs	412.1	23	3	20½	2.19	9.4	0.86	9.2	0.74	3.6	13.16	889
NR	IBP	NA	20	10	15⅝	0.94	16.6	0.08	0.5	0.60	3.8	10.36	740
306	ICH	327.6	33	†	5⅞	–2.18	def	0.13	def	none	0.0	11.76	290
882	Ideal Basic Inds	–91.4	36	1	2	–0.19	def	1.48	def	none	0.0	0.14	352
615	IE Industries	108.7	28	11	27⅛	2.28	11.9	0.89	7.5	2.06	7.6	19.13	384
813	Illinois Power	–8.5	32	13	17½	–4.28	def	1.00	def	none	0.0	25.82	1,286
155	Illinois Tool Works	568.0	50	5	41¾	2.94	14.2	1.05	7.4	0.60	1.4	14.11	2,204
NR	IMC Fertilizer Group	NA	50	22	32⅛	5.27	6.1	0.69	11.2	1.08	3.4	21.07	846
NR	Imo Industries	NA	23	6	15⅞	1.79	8.9	0.36	4.1	0.44	2.8	16.79	279
876	Imperial Corp of Am	–81.1b	19	1	2⅛	–11.41	def	0.03	def	none	0.0	19.22	31
NR	Imperial Holly	NA	31	8	26⅜	4.45	5.9	0.25	3.9	0.48	1.8	14.95	177
173	INB Financial	534.5	36	3	29½	3.36	8.8	0.82	9.3	1.20	4.1	22.57	514
756	Inco	24.2c	38	5	29½	6.84	4.3	0.78	18.4	1.00	3.4	7.32	3,123
552	Independent Insurance	141.2	44	13	41	4.91	8.4	0.53	6.3	1.60	3.9	45.41	273
604	Ingersoll-Rand	115.8	50	14	44⅞	3.65	12.3	0.68	5.8	1.20	2.7	24.22	2,303
NR	Ingles Markets	NA	13	6	9	0.80	11.3	0.18	1.7	0.22	2.4	6.29	158
791	Inland Steel Inds	6.7	49	14	33¾	4.67	7.2	0.30	4.0	1.40	4.1	41.40	1,275
NR	Inspiration Resource	NA	19	3	6¾	0.46	14.7	0.33	2.2	0.12	1.8	6.80	447
450	Intel	200.0	42	6	33¾	1.89	17.9	2.06	12.0	none	0.0	11.52	6,093
NR	Interco	NA	4	†	¾	0.94	0.9	0.02	4.7	none	0.0	–33.78	31
531	Intergraph	148.0b	41	3	15½	1.47	10.5	1.06	9.8	none	0.0	11.72	882
764	Interlake	22.3c	18	11	15⅛	1.27	11.9	0.16	1.4	none	0.0	26.66	153
321	Intermark	312.0	15	1	10⅛	–0.63	def	0.09	def	0.12	1.2	8.96	64
717	IBM	52.0	176	48	97⅞	9.40	10.4	0.91	8.7	4.84	4.9	66.99	57,724
394	Intl Flavors & Frags	243.9	78	16	67½	3.63	18.6	2.97	15.9	1.92	2.8	18.34	2,559
760	Intl Minerals & Chem	24.1	67	23	47⅞	3.73	12.8	0.90	8.9	1.00	2.1	35.00	969
573	Intl Multifoods	129.5	40	8	28½	2.28	12.5	0.18	1.5	1.18	4.1	23.17	365
502	International Paper	164.9	59	15	49	7.72	6.3	0.50	8.0	1.68	3.4	41.10	5,427
196	Interpublic Group	495.5	38	4	33⅛	1.98	16.7	0.94	5.4	0.68	2.1	9.53	1,158
NR	InterTAN	NA	63	10	62⅜	4.38	14.2	0.84	5.9	none	0.0	21.56	549
526	Iowa-Illinois G&E	151.8	47	14	43¾	4.12	10.6	1.22	11.9	3.26	7.5	31.34	587
660	Iowa Resources	83.9a	28	9	21½	1.88	11.4	1.32	11.5	1.68	7.8	15.84	474
518	Ipalco Enterprises	154.7	30	8	25⅝	2.54	10.1	1.62	16.0	1.72	6.7	18.06	962
NR	Itel	NA	29	†	21⅛	0.23	91.9	0.51	1.2	none	0.0	14.92	1,031
576	ITT	128.0	66	21	58⅛	5.91	9.8	0.39	4.2	1.60	2.8	56.38	7,768
668	Jacobs Engineering	188.1	28	4	25¾	1.90	13.6	0.17	1.3	none	0.0	7.91	138
266	James River Corp Va	388.9	44	4	27⅞	2.89	9.5	0.38	4.3	0.60	2.2	26.50	2,260
488	Jamesway	177.8	16	1	7⅜	0.35	21.1	0.13	0.6	0.08	1.1	9.19	113
437	Jefferson-Pilot	257.5	43	9	41	3.32	12.3	1.26	10.1	1.36	3.3	34.66	1,580
310	Johnson & Johnson	324.9	57	11	56⅛	3.19	17.6	1.97	11.2	1.16	2.1	10.52	18,695
658	Johnson Controls	84.2	47	8	29⅛	2.55	11.4	0.29	2.6	1.16	4.0	23.42	1,060
645	Earle M Jorgensen	90.8	33	13	28½	2.42	11.8	0.35	2.9	1.00	3.5	23.35	180
182	Jostens	512.0	29	3	27¾	1.40	19.8	1.51	7.6	0.72	2.6	5.63	1,094
41	JWP	1308.5	30	1	27	1.79	15.1	0.38	2.4	none	0.0	7.72	568
NR	K-H Corp	NA	8	1	1⅜	–24.56	def	0.01	def	none	0.0	–14.80	16
606	K mart	114.7	48	10	34	3.67	9.3	0.24	2.6	1.64	4.8	25.12	6,781
554	Kaman	140.0a	21	2	9½	0.45	21.1	0.21	1.0	0.44	4.6	10.01	169
559	Kansas City P&L	137.3	36	12	35	2.81	12.5	1.50	13.0	2.56	7.3	26.24	1,081
625	Kansas City Southern	215.0	80	12	44½	–3.12	def	0.91	def	1.08	2.4	33.68	459
712	Kansas Gas & Elec	54.1	26	9	23½	1.81	13.0	1.50	11.6	1.60	6.8	19.78	821
482	Kansas Power & Light	182.0	33	7	24½	2.07	11.8	0.77	6.7	1.76	7.2	17.51	847
NR	Kaufman & Broad Home	NA	22	7	15⅝	2.18	7.2	0.45	7.2	0.30	1.9	8.49	427
NR	Kay Jewelers	NA	24	4	16	0.53	30.1	0.46	1.5	0.40	2.5	4.54	199

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WHO'S WHERE IN THE STOCK MARKET

Rank	Company	10-year price change %	1980-89 price range high	1980-89 price range low	Recent price	Latest 12-mos earnings per share $	Price/ earnings ratio	Price/ sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
135	Kellogg	644.3	82	7	70¼	3.81	18.4	1.85	10.0	1.72	2.4	12.07	8,636
119	Kellwood	685.0	41	2	23⅞	2.99	8.0	0.35	4.4	0.80	3.4	16.40	278
70	Kelly Services	935.6	42	3	40¾	2.29	17.8	0.91	5.1	0.60	1.5	7.66	1,223
262	Kemper	402.6	52	6	48⅜	6.10	7.9	0.87	12.0	0.84	1.7	29.51	2,355
753	Kennametal	25.9	42	17	28⅞	2.94	9.8	0.60	6.1	1.16	4.0	19.68	300
459	Kentucky Central Life	195.9	22	4	18	NA	NA	NA	NA	0.40	2.2	21.38	242
578	Kentucky Utilities	127.6	24	7	20⅝	1.75	11.8	1.49	13.8	1.40	6.8	13.01	780
780	Kerr Glass Mfg	12.8	21	8	11	–0.19	def	0.14	0.1	0.44	4.0	11.39	40
739	Kerr-McGee	36.5	52	22	46¼	3.14	14.7	0.75	5.1	1.32	2.9	29.42	2,235
275	KeyCorp	376.4	31	4	27	3.15	8.6	0.70	8.4	1.28	4.7	21.09	1,123
212	Kimball International	461.9	26	3	21¼	1.76	12.1	0.73	6.1	0.60	2.8	11.65	450
147	Kimberly-Clark	590.8	71	9	70⅜	5.07	13.9	1.00	7.2	2.60	3.7	23.17	5,667
NR	KN Energy	NA	25	11	22	–1.95	def	0.59	def	1.00	4.5	15.17	200
332	Knight-Ridder	301.9	61	9	52⅛	4.34	12.0	1.24	10.3	1.22	2.3	15.47	2,775
NR	Kroger	NA	20	7	13⅞	–1.87	def	0.06	def	none	0.0	–36.20	1,123
164	La-Z-Boy Chair	547.6	24	1	17	1.48	11.5	0.54	4.7	0.56	3.3	10.91	303
409	Laclede Gas	230.8	41	7	32¼	2.90	11.1	0.51	4.6	2.30	7.1	22.89	253
NR	Lafarge	NA	21	6	18¼	1.99	9.2	0.63	7.0	0.40	2.2	13.78	904
339	Lancaster Colony	296.3	26	4	24½	1.87	13.1	0.58	4.5	0.76	3.1	11.57	291
317	Lance	314.3	26	4	21¾	1.28	17.0	1.58	9.3	0.76	3.5	6.30	688
371	Landmark Land	270.7	25	4	17⅜	–0.07	def	0.25	def	0.40	2.3	6.09	139
NR	Lands' End	NA	36	11	25⅜	1.42	17.9	1.01	5.7	none	0.0	4.59	509
100	Leggett & Platt	759.5	37	3	31⅞	2.61	12.2	0.57	4.7	0.76	2.4	14.42	543
NR	Leslie Fay Cos	NA	17	4	10⅝	1.47	7.2	0.26	3.6	none	0.0	7.01	203
50	Leucadia National	1236.5	20	†	19½	1.90	10.3	0.41	3.4	none	0.0	15.77	305
648	Liberty Corp	89.5	53	10	36	1.74	20.7	0.94	4.5	0.80	2.2	30.94	312
298	Eli Lilly	335.1	66	11	65	3.08	21.1	4.02	20.1	1.35	2.1	11.76	17,826
3	Limited	6357.6	53	†	35	1.74	20.1	1.42	7.1	0.32	0.9	5.28	6,275
719	Lincoln Electric	50.0	285	150	285	34.33	8.3	0.45	5.5	12.20	4.3	218.70	293
489	Lincoln National	176.0	63	16	60⅜	5.23	11.5	0.33	3.1	2.60	4.3	47.25	2,509
788	Lionel	8.2	14	1	6⅛	0.10	67.5	0.22	0.3	none	0.0	6.37	91
607	Litton Industries	114.1	108	34	85¼	7.05	12.1	0.41	3.5	none	0.0	51.64	2,076
21	Liz Claiborne	1889.3[b]	39	†	24¼	1.71	14.2	1.61	11.4	0.20	0.8	5.22	2,128
376	Lockheed	258.7	62	7	41⅛	3.47	11.9	0.26	2.2	1.80	4.4	41.73	2,448
497	Loctite	169.8	51	9	43½	3.17	13.7	1.68	12.3	1.12	2.6	12.76	782
36	Loews	1420.1	135	7	123⅜	13.00	9.5	0.85	8.9	1.00	0.8	53.20	9,361
879	Lomas Financial	–84.5	39	†	¾	–9.55	def	0.04	def	0.72	88.9	4.43	24
828	Lone Star Industries	–20.5	42	15	22¾	1.73	13.2	1.08	9.7	1.90	8.4	39.07	376
NR	Lone Star Tech	NA	24	3	3⅜	–4.03	def	0.10	def	none	0.0	14.93	67
751	Long Island Lighting	27.4	19	3	18⅝	–1.15	def	0.92	def	1.00	5.4	21.77	2,072
438	Longs Drug Stores	207.1	46	11	43	2.91	14.8	0.42	2.9	0.96	2.2	15.46	860
602	Longview Fibre	116.4	82	14	69¼	6.85	10.1	1.10	10.8	2.40	3.5	31.95	765
506	Loral	160.7	49	11	33	3.35	9.9	0.72	7.2	0.80	2.4	20.30	842
NR	Lotus Development	NA	39	5	30⅞	1.13	27.3	2.48	9.2	none	0.0	5.57	1,287
NR	Louisiana Land	NA	43	23	39⅞	1.25	31.9	1.78	5.5	1.00	2.5	16.77	1,216
583	Louisiana-Pacific	126.3	43	11	39¾	4.47	8.9	0.76	8.8	1.00	2.5	30.51	1,482
591	Louisville G&E	121.1	44	14	40⅜	3.61	11.3	1.26	12.7	2.78	6.8	28.05	837
327	Lowe's Cos	306.9	42	5	29½	2.06	14.3	0.42	2.9	0.48	1.6	15.80	1,096
NR	LPL Technologies	NA	19	3	16¼	3.56	4.6	0.20	4.6	none	0.0	4.35	119
877	LTV	–81.3	26	1	1½	2.40	0.6	0.02	4.5	none	0.0	–42.32	157
752	Lubrizol	26.5	45	14	34⅞	4.02	8.7	1.08	12.5	1.44	4.1	17.48	1,326
334	Lukens	301.0	39	5	33⅜	4.29	7.9	0.45	5.8	1.20	3.6	21.18	289
835	LVI Group	–24.8	9	†	13/16	–1.64	def	0.04	def	none	0.0	0.83	19
NR	Lyondell Petrochem	NA	34	16	17¾	NA	NA	0.28	9.1	1.60	9.0	2.98	1,420
850	M/A-Com	–46.4	36	5	5⅝	0.01	563.0	0.31	0.0	0.24	4.3	8.81	139
NR	Mack Trucks	NA	22	6	6½	–3.25	def	0.10	def	none	0.0	17.76	192
NR	Magma Copper	NA	14	3	5¾	1.80	3.2	0.24	7.1	none	0.0	9.57	158
NR	MagneTek	NA	14	9	10⅝	1.02	10.4	0.25	2.3	none	0.0	4.34	242
NR	MAI Basic Four	NA	21	3	3⅜	–2.21	def	0.35	def	none	0.0	5.92	51
69	Manor Care	942.9	26	†	12⅞	0.59	21.8	0.77	3.5	0.13	1.0	5.23	497
759	Manufacturers Hanover	24.1	58	18	38⅜	–9.18	def	0.29	def	3.28	8.5	55.88	2,530
293	Manufacturers Natl	346.5	60	5	55¼	6.94	8.0	0.77	9.7	2.16	3.9	38.07	833

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885	Manville	–94.9	251	6	9⅞	0.88	11.2	0.22	5.5	none	0.0	4.72	474
647	Mapco	90.5	43	10	34⅞	2.95	11.8	0.72	6.0	1.00	2.9	15.31	1,391
5	Marion Laboratories	3973.5	42	†	34⅛	0.48	71.6	5.38	8.2	0.36	1.0	3.79	5,172
4	Mark IV Industries	6257.1	14	†	12⅜	1.54	8.2	0.22	2.6	none	0.0	7.07	204
72	Marriott	925.0	44	3	36⅛	2.12	17.0	0.49	3.0	0.24	0.7	6.53	3,927
272	Marsh & McLennan Cos	381.7	90	13	84¾	4.04	21.0	2.55	12.2	2.50	2.9	10.56	6,061
90	Marsh Supermarkets	799.7	20	1	17½	1.30	13.5	0.15	1.1	0.32	1.8	8.40	136
270	Marshall & Ilsley	382.8	39	5	35	3.72	9.4	0.98	10.9	1.08	3.1	22.85	738
213	Marshall Industries	459.7	25	2	17⅜	2.16	8.0	0.30	3.8	none	0.0	14.59	160
404	Martin Marietta	233.0	57	9	45⅞	4.86	9.4	0.42	4.5	1.35	2.9	22.73	2,423
346	Masco	292.2	41	4	25	1.74	14.4	1.31	8.9	0.52	2.1	11.30	3,904
NR	Masco Industries	NA	19	1	7½	0.73	10.3	0.36	3.4	none	0.0	4.51	614
579	Mattel	127.5	32	4	17⅜	1.41	12.5	0.72	6.0	none	0.0	2.73	844
NR	Maxus Energy	NA	16	6	9½	–0.98	def	1.49	def	none	0.0	0.25	853
320	Maxxam	312.5	50	7	45⅜	7.33	6.2	0.16	3.1	none	0.0	12.57	341
203	May Dept Stores	487.5	53	6	47	3.43	13.7	0.67	4.7	1.42	3.0	20.43	7,008
423	Maytag	215.6	32	5	19⅝	1.58	12.4	0.76	5.2	0.90	4.6	6.55	2,109
369	MCA	272.3	71	12	67⅜	2.68	25.2	1.42	5.6	0.68	1.0	23.17	4,939
263	McCormick & Co	402.6	49	8	49	5.93	8.3	0.89	10.7	0.88	1.8	13.05	1,104
827	McDermott Intl	–20.0	47	13	20	–2.68	def	0.28	def	1.00	5.0	16.00	746
139	McDonald's	632.5	33	3	31⅜	1.90	16.6	1.97	11.8	0.31	1.0	9.09	11,782
649	McDonnell Douglas	89.4	95	22	69⅛	3.27	21.1	0.17	0.8	2.82	4.1	83.42	2,640
290	McGraw-Hill	348.5	86	12	63⅝	3.97	16.0	1.74	10.9	2.00	3.1	19.01	3,088
12	MCI Communications	2788.4	49	1	44¼	2.22	19.9	1.74	9.6	none	0.0	3.95	10,753
481	McKesson	182.6	40	10	36⅜	2.50	14.6	0.20	1.5	1.44	4.0	19.13	1,465
NR	MCN	NA	23	16	21⅝	2.24	9.7	0.39	3.8	1.58	7.3	12.07	503
842	MDC Holdings	–35.1[a]	23	†	1⅜	–4.10	def	0.03	def	none	0.0	11.21	22
458	Mead	196.0	50	6	36⅜	3.51	10.4	0.51	5.0	0.88	2.4	24.82	2,313
NR	Medco Containment	NA	19	5	15⅞	0.34	46.7	0.93	2.0	0.04	0.3	6.22	740
258	Media General	407.7	51	5	33	–0.19	def	1.34	def	0.44	1.3	9.80	850
373	Medtronic	268.1	70	12	63½	3.73	17.0	2.19	12.9	0.70	1.1	17.68	1,701
779	Mellon Bank	14.0	73	22	31⅝	4.69	6.7	0.29	6.2	1.40	4.4	31.60	1,028
160	Melville	560.1	54	5	45⅜	3.29	13.8	0.68	5.0	1.30	2.9	15.65	4,947
540	Mercantile Bancorp	144.2	37	9	27	–0.14	def	0.60	def	1.40	5.2	26.68	434
153	Mercantile Stores	574.3	53	4	41	3.84	10.7	0.67	6.3	0.92	2.2	26.62	1,511
172	Merck	535.3	81	9	76½	3.62	21.1	4.80	22.7	1.80	2.4	7.20	30,351
NR	Mercury General	NA	26	10	15⅝	1.27	12.3	0.42	3.4	0.50	3.2	10.91	211
208	Meredith	474.5	43	5	33⅜	1.69	19.9	0.79	4.0	0.64	1.9	19.66	628
NR	Meridian Bancorp	NA	28	9	21	2.30	9.1	0.73	8.4	1.10	5.2	16.55	779
NR	Meritor Savings Bank	NA	13	2	4⅜	–4.13	def	0.11	def	none	0.0	10.25	154
496	Merrill Lynch	170.1	57	7	26	3.89	6.7	0.23	3.7	1.00	3.8	32.27	2,566
NR	Fred Meyer	NA	23	9	18⅛	1.36	13.3	0.19	1.6	none	0.0	11.53	406
NR	MGM/UA Commun	NA	23	5	20½	–1.48	def	1.18	def	none	0.0	3.99	1,031
417	Michigan National	224.7	58	9	52	11.55	4.5	0.53	12.2	2.00	3.8	39.64	782
NR	Microamerica	NA	8	4	4½	0.57	7.9	0.12	1.5	none	0.0	5.65	61
NR	Micron Technology	NA	41	3	11½	2.85	4.0	0.95	23.8	none	0.0	8.76	423
NR	Microsoft	NA	89	10	88½	3.25	27.2	5.60	21.3	none	0.0	10.29	4,831
348	Midlantic	290.5	52	7	37¾	6.46	5.8	0.65	11.2	1.88	5.0	34.90	1,435
733	Midway Airlines	42.4[a]	23	3	13⅞	0.48	28.9	0.31	1.1	none	0.0	7.76	144
612	Midwest Energy	110.0	26	8	21⅛	2.24	9.4	0.81	8.6	1.60	7.6	12.39	456
187	Herman Miller	504.2	31	2	18⅞	1.67	11.3	0.57	5.0	0.52	2.8	11.16	457
679	Millipore	76.1	47	7	25¾	1.89	13.6	1.10	8.0	0.40	1.6	13.09	719
456	Minn Mining & Mfg	196.5	84	22	74½	5.50	13.5	1.44	10.5	2.60	3.5	24.58	16,713
478	Minnesota Power & Lt	184.1	35	7	25¾	3.07	8.4	1.60	20.1	1.78	6.9	16.80	745
738	Mitchell Energy	36.9	46	8	16⅞	0.33	51.2	1.32	2.5	0.24	1.4	12.12	790
NR	MLX	NA	9	1	1⅛	0.02	75.0	0.06	0.1	none	0.0	1.86	25
NR	MMR Holding	NA	23	8	9⅜	–1.88	def	0.10	def	none	0.0	5.11	53
180	MNC Financial	518.8	29	3	24¾	3.33	7.4	0.64	8.8	1.16	4.7	18.18	1,482
619	Mobil	105.0	61	19	56⅜	4.44	12.7	0.47	3.7	2.60	4.6	38.19	23,157
273	Modine Manufacturing	381.0	23	2	19	1.54	12.3	0.65	5.4	0.60	3.2	11.50	283
205	Molex	483.1	57	4	34	2.25	15.1	1.49	9.8	0.03	0.1	16.99	858
769	Monarch Capital	20.7	91	15	23⅜	1.98	11.8	0.34	3.3	none	0.0	46.55	168

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Sources: Forbes; William O'Neil & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank	Company	10-year price change %	1980-89 price range high	low	Recent price	Latest 12-mos earnings per share $	Price/ earnings ratio	Price/ sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
354	Monsanto	286.2	124	21	115⅛	9.36	12.3	0.93	7.4	3.40	3.0	55.21	7,925
623	Montana Power	101.3	43	16	40¼	3.11	12.9	1.33	10.8	2.76	6.9	32.00	974
470	Moore Corp	186.1	34	8	28⅛	2.18	12.9	0.99	7.7	0.88	3.1	13.89	2,617
370	JP Morgan & Co	271.9	54	9	43	–6.49	def	0.77	def	1.66	3.9	30.52	7,796
NR	Morgan Products Ltd	NA	31	10	10¾	0.05	215.0	0.21	0.1	none	0.0	10.26	90
NR	Morgan Stanley	NA	80	25	69⅜	10.25	6.8	0.45	7.5	1.10	1.6	38.03	2,431
390	Morrison	245.5	34	5	26½	1.80	14.7	0.54	3.7	0.64	2.4	9.98	461
545	Morrison Knudsen	143.4	56	15	43½	–0.68	def	0.23	def	1.48	3.4	20.09	486
NR	Morton International	NA	42	31	33½	1.88	17.8	1.11	6.3	0.88	2.6	18.80	1,605
407	Motorola	231.5	74	13	56½	3.77	15.0	0.80	5.3	0.76	1.3	26.02	7,327
NR	Multimedia	NA	108	18	94¼	2.93	32.2	2.28	7.9	none	0.0	–48.47	1,043
741	Murphy Oil	35.9	64	15	38½	1.51	25.5	0.81	3.2	1.00	2.6	22.48	1,304
357	Nacco Industries	283.2	54	6	49½	4.96	10.0	0.46	4.6	0.58	1.2	27.73	439
514	Nalco Chemical	156.5	46	14	44¼	2.91	15.2	1.63	11.0	1.48	3.3	12.38	1,707
239	Nash Finch	425.0	28	4	24½	1.12	21.9	0.12	0.6	0.68	2.8	13.90	266
539	Nashua	144.9	43	4	34¾	2.31	15.0	0.34	2.3	0.60	1.7	24.12	329
451	National City	199.0	42	6	37⅞	4.32	8.8	0.91	10.4	1.68	4.4	21.84	2,292
643	Natl Convenience	92.0	19	2	8	–0.13	def	0.17	def	0.36	4.5	2.86	179
345	National Education	293.4	31	1	7⅞	0.61	12.9	0.53	4.2	none	0.0	6.32	230
364	National Fuel Gas	277.5	26	4	24⅞	1.93	12.9	0.82	6.1	1.34	5.4	15.66	701
852	National Intergroup	–48.7	38	10	12⅞	1.65	7.8	0.09	0.8	none	0.0	31.04	280
264	National Medical	399.5	38	6	37⅛	2.02	18.4	0.72	4.0	0.72	1.9	14.80	2,761
820	Natl Semiconductor	–13.8	22	4	6⅝	–0.25	def	0.42	def	none	0.0	7.66	680
201	National Service	489.5	30	4	28	1.92	14.6	0.90	6.2	0.84	3.0	11.33	1,379
864	National-Standard	–62.6	21	5	7¼	–3.03	def	0.11	def	none	0.0	17.59	32
881	Navistar Intl	–89.8	40	2	4	0.60	6.7	0.24	4.4	none	0.0	3.31	1,010
269	NBD Bancorp	384.4	35	4	31¾	3.53	9.0	0.91	10.2	1.28	4.0	21.09	2,264
599	NCH	116.7	55	12	50⅝	4.22	11.9	0.77	6.4	0.88	1.7	22.79	449
143	NCNB	621.1	55	5	49⅛	3.98	12.3	0.93	7.1	1.20	2.4	20.80	4,888
386	NCR	248.8	87	9	60⅝	5.24	11.5	0.80	6.9	1.32	2.2	28.20	4,796
NR	Neiman Marcus Group	NA	46	11	17¼	0.09	191.7	0.37	1.8	0.20	1.2	7.91	564
535	New England Electric	146.3	35	8	27¼	2.00	13.6	0.99	7.3	2.04	7.5	18.33	1,569
688	NY State E&G	71.4	39	13	27	2.56	10.5	1.08	11.2	2.04	7.6	20.71	1,531
165	New York Times	545.6	50	3	24⅞	4.27	5.8	1.15	19.7	0.52	2.1	11.02	1,972
22	Newell Co	1876.6	25	†	21	1.31	16.7	2.34	7.0	0.50	2.3	6.56	2,574
608	Newmont Mining	113.9c	102	13	42⅜	2.03	20.9	4.32	20.6	0.60	1.4	–4.33	2,853
784	Niagara Mohawk Power	9.9	26	10	13⅞	0.68	20.4	0.66	4.8	none	0.0	18.19	1,883
754	Nicor	24.9	46	19	41⅜	3.68	11.2	0.77	7.0	2.00	4.8	20.27	1,227
215	NIKE	454.8a	69	6	58¼	4.94	11.8	1.21	10.3	0.60	1.0	15.06	2,173
747	Nipsco Industries	30.9	19	8	18	1.67	10.8	0.86	7.9	0.84	4.7	14.04	1,320
NR	NL Industries	NA	28	16	23	2.76	8.3	1.52	18.3	0.60	2.6	2.20	1,517
311	Noland	323.8	27	4	22¼	0.94	23.7	0.18	0.8	0.44	2.0	25.39	82
51	Nordstrom	1236.1	43	1	35½	1.60	22.2	1.12	5.1	0.28	0.8	7.86	2,892
NR	Norfolk Southern	NA	41	13	37¼	3.61	10.3	1.46	13.9	1.44	3.9	28.74	6,678
785	Nortek	9.3	19	3	6¼	–1.16	def	0.08	def	0.10	1.6	16.33	90
NR	Northeast Savings FA	NA	26	3	3¼	–2.36	def	0.03	def	none	0.0	28.73	19
538	Northeast Utilities	145.3	28	7	22⅜	2.08	10.8	1.13	10.5	1.76	7.9	16.90	2,432
389	No States Power	246.4	40	9	38¾	2.93	13.2	1.23	10.3	2.22	5.7	22.95	2,423
441	Northern Telecom	205.2	25	4	22	0.71	31.0	0.90	3.3	0.28	1.3	10.16	5,264
207	Northern Trust	477.5	71	9	64	7.03	9.1	0.87	10.2	1.52	2.4	29.57	1,051
740	Northrop	35.9	57	11	18⅝	–2.83	def	0.15	def	1.20	6.4	21.40	874
695	Norton	67.8	64	23	55⅜	4.41	12.6	0.78	6.2	2.00	3.6	27.64	1,166
524	Norwest	152.9	24	6	21½	2.46	8.7	0.68	8.2	0.82	3.8	12.58	1,910
299	Nucor	334.5	68	10	57¾	4.67	12.4	1.00	16.2	0.44	0.8	25.00	1,229
586	NWNL	124.7	41	9	37½	NA	NA	NA	NA	1.20	3.2	35.17	484
NR	Nynex	NA	84	29	80	6.05	13.2	1.20	9.1	4.36	5.5	47.83	15,754
782	Occidental Petroleum	11.1	40	17	30⅛	0.80	37.7	0.40	1.1	2.50	8.3	23.07	8,074
475	Ogden	184.7	45	8	32½	1.85	17.6	0.99	5.7	1.25	3.8	10.60	1,288
471	Ohio Casualty	185.9	53	14	50¾	6.39	7.9	0.69	8.7	2.08	4.1	33.30	1,095
689	Ohio Edison	71.1	23	9	22⅞	1.44	15.9	1.63	11.6	1.96	8.6	16.60	3,489
485	Oklahoma G&E	181.3	39	11	37⅝	2.89	13.0	1.45	11.3	2.38	6.3	21.01	1,592
307	Old Kent Financial	326.4	30	4	27½	3.23	8.5	0.81	10.2	1.06	3.9	19.06	681

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Rank	Company	10-year price change %	1980-89 price range high	1980-89 price range low	Recent price	Latest 12-mos earnings per share $	Price/earnings ratio	Price/sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
505	Old Republic Intl	162.1	35	6	28⅜	2.22	12.8	0.45	4.5	0.74	2.6	27.05	516
416	Olin	225.0	68	12	58½	5.53	10.6	0.47	4.5	2.00	3.4	33.32	1,199
45	Olsten	1282.4	24	†	17¾	1.24	14.3	0.47	3.3	0.24	1.4	4.98	273
NR	Omnicom Group	NA	29	16	24½	1.77	13.8	0.63	4.7	0.98	4.0	8.29	605
750	Oneok	28.1	45	9	30¾	2.58	11.9	0.70	5.9	1.40	4.6	22.68	431
NR	Oracle Systems	NA	26	1	25	0.65	38.5	4.75	12.9	none	0.0	1.82	3,173
555	Orange & Rockland	138.7	40	10	30⅛	2.78	10.8	0.73	7.5	2.30	7.6	23.22	383
572	Orion Capital	129.8	40	8	24⅛	3.63	6.6	0.19	3.9	0.84	3.5	20.57	156
611	Orion Pictures	110.0	30	3	23½	0.81	29.0	0.82	3.1	none	0.0	9.44	410
NR	Oryx Energy	NA	42	23	39⅞	1.20	33.2	3.77	3.8	1.20	3.0	15.34	4,187
NR	Oshkosh Truck	NA	33	8	9¼	1.43	6.5	0.20	3.0	0.50	5.4	12.97	83
412	Outboard Marine	228.1	46	4	26¼	3.64	7.2	0.35	4.8	0.80	3.0	30.09	506
233	Owens & Minor	428.6	16	1	12⅜	0.53	23.4	0.12	0.5	0.26	2.1	9.27	103
NR	Owens-Corning	NA	37	8	25	4.36	5.7	0.35	6.5	none	0.0	−15.18	1,004
283	Oxford Industries	360.6	26	2	12⅜	1.04	11.9	0.22	1.8	0.50	4.0	10.89	122
419	Paccar	217.1	53	9	40	5.36	7.5	0.41	5.4	1.00	2.5	25.18	1,436
NR	PACE Membership	NA	23	3	22⅞	0.74	30.9	0.21	0.7	none	0.0	8.22	301
587	Pacific Enterprises	124.2	61	17	49⅞	3.10	16.1	0.49	3.2	3.48	7.0	28.88	3,186
663	Pacific G&E	82.6	28	9	21	0.56	37.5	1.02	4.0	1.40	6.7	16.79	8,640
NR	Pacific Telesis	NA	47	12	44⅛	2.82	15.6	1.94	12.2	1.88	4.3	19.30	18,487
NR	PacifiCare Health	NA	30	2	24¾	0.81	30.7	0.47	1.6	none	0.0	3.27	271
550	PacifiCorp	141.7	44	16	43½	3.47	12.5	1.47	12.2	2.76	6.3	24.04	5,362
428	PaineWebber Group	212.9	49	4	17⅛	0.66	26.0	0.17	1.5	0.52	3.0	26.58	479
288	Pall	349.6	36	6	32⅞	1.51	21.8	2.55	11.6	0.48	1.5	9.69	1,268
856	Pan Am	−52.0	10	2	2⅞	−1.45	def	0.12	def	none	0.0	−2.12	415
NR	Panhandle Eastern	NA	35	18	28½	−0.15	def	1.24	def	2.00	7.0	14.06	2,404
136	Paramount Commun	643.2	66	5	55	3.14	17.5	1.63	9.6	0.70	1.3	19.38	6,390
622	Parker Hannifin	102.9	49	9	25¼	2.05	12.3	0.49	4.0	0.84	3.3	18.65	1,233
NR	Pathe Communications	NA	46	2	2⅞	−5.02	def	0.14	def	none	0.0	3.64	53
415	Penn Central	227.5	34	4	25¼	2.38	10.6	1.04	9.7	0.40	1.6	24.92	1,794
NR	Penn Traffic	NA	28	12	20½	−5.91	def	0.05	def	none	0.0	6.24	105
252	JC Penney	413.9	69	9	67⅛	6.64	10.1	0.53	5.5	2.24	3.3	34.35	8,246
565	Pennsylvania P&L	134.5	43	14	41⅛	3.62	11.5	1.39	14.3	2.86	6.9	27.24	3,133
668	Pennzoil	80.2	95	23	79½	6.07	13.1	1.13	9.5	3.00	3.8	35.67	2,877
319	Pentair	313.1	36	5	27¾	3.19	8.7	0.27	3.5	0.80	2.9	22.19	297
NR	People's Bank	NA	10	7	8⅛	NA	NA	0.40	5.4	0.72	8.6	13.93	273
455	Peoples Energy	196.9[b]	27	7	23¾	2.39	9.9	0.65	6.6	1.60	6.7	15.09	774
40	Pep Boys	1328.6	19	†	11	0.68	16.2	0.84	5.3	0.11	1.0	5.05	601
134	PepsiCo	644.7	62	6	61¾	3.36	18.4	1.11	6.1	1.00	1.6	12.03	16,229
NR	Perini	NA	40	20	35¼	0.44	80.1	0.16	0.5	0.80	2.3	31.64	128
796	Perkin-Elmer	3.6	41	17	21¾	−0.56	def	1.20	def	0.68	3.1	14.10	944
477	Perry Drug Stores	184.2	21	2	8	0.04	200.0	0.12	0.1	none	0.0	4.25	81
570	Petrie Stores	130.8	40	7	22½	0.67	33.6	0.84	2.5	0.20	0.9	13.28	1,052
NR	Petroleum Heat & Pwr	NA	18	11	14¼	−0.52	def	0.46	def	1.83	12.8	0.60	225
379	Pfizer	256.7	77	16	70	4.36	16.1	2.09	13.3	2.20	3.1	26.00	11,578
646	Phelps Dodge	90.7[c]	75	12	58⅞	16.03	3.7	0.79	20.9	3.00	5.1	45.74	2,073
397	PHH	242.2	47	9	37	3.04	12.2	0.34	2.8	1.16	3.1	20.68	624
702	Philadelphia Elec	62.8	26	9	22⅜	2.21	10.1	1.38	16.6	2.20	9.8	17.39	4,623
88	Philip Morris Cos	805.6	46	3	40¾	2.63	15.5	1.04	6.7	1.38	3.4	8.31	37,658
30	Philips Industries	1554.5	25	1	22¾	1.55	14.7	0.65	4.6	0.60	2.6	8.78	635
732	Phillips Petroleum	43.0	30	7	22⅞	2.50	9.2	0.46	5.0	1.00	4.4	8.69	5,566
190	Phillips-Van Heusen	501.8	27	2	17	1.56	10.9	0.22	3.3	0.28	1.6	3.59	154
109	PHM	737.1	38	1	14⅛	2.53	5.6	0.28	5.4	0.12	0.8	10.28	350
181	Pic'N'Save	515.0	30	1	13½	1.10	12.3	1.18	8.8	none	0.0	5.27	541
446	Piedmont Natural Gas	200.7	30	7	27¼	2.45	11.1	0.65	5.9	1.60	5.9	16.51	277
NR	Pilgrim's Pride	NA	15	3	9	0.90	10.0	0.31	3.1	0.06	0.7	3.02	203
861	Pinnacle West	−58.7	33	7	7⅛	−1.28	def	0.29	def	none	0.0	23.46	618
436	Pioneer Hi-Bred Intl	208.4	45	9	41¼	3.09	13.3	1.51	11.3	1.16	2.8	18.13	1,313
198	Pitney Bowes	493.8	55	5	47½	3.23	14.7	1.30	9.0	1.04	2.2	16.04	3,711
839	Pittston	−30.2	35	8	17⅞	0.76	23.5	0.41	1.8	0.20	1.1	11.58	678
NR	PNC Financial	NA	51	15	42½	5.30	8.0	0.82	10.9	2.12	5.0	27.96	3,688
402	Polaroid	235.7	50	8	47	1.16	40.5	1.32	4.8	0.60	1.3	17.95	2,508

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WHO'S WHERE IN THE STOCK MARKET

Rank	Company	10-year price change %	1980-89 price range high	1980-89 price range low	Recent price	Latest 12-mos earnings per share $	Price/earnings ratio	Price/sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
406	Pope & Talbot	231.6	30	5	26⅝	3.59	7.4	0.51	6.9	0.60	2.3	13.75	314
666	Portland General	80.8	37	10	23½	1.76	13.4	1.37	10.4	1.96	8.3	19.06	1,083
605	Potlatch	115.0	42	9	32¼	4.60	7.0	0.72	10.8	1.20	3.7	25.08	868
349	Potomac Electric	289.2	30	5	22⅜	2.08	10.8	1.58	15.4	1.46	6.5	13.21	2,114
240	PPG Industries	424.7	54	6	37⅞	4.19	9.0	0.72	8.1	1.52	4.0	20.48	4,150
43	Precision Castparts	1295.2	41	2	31⅝	1.71	18.5	1.20	6.5	0.08	0.3	11.40	537
NR	Premark Intl	NA	42	17	31¼	2.61	12.0	0.42	3.6	0.84	2.7	22.27	1,059
819	Premier Bancorp	–12.7	19	3	4¾	–4.65	def	0.28	def	none	0.0	10.23	117
218	Premier Industrial	452.3	36	4	33¾	1.78	19.0	2.16	11.7	0.48	1.4	5.47	1,311
773	Preston	19.0	24	7	11½	0.73	15.8	0.11	0.7	0.50	4.3	19.77	66
18	Price Co	2273.5ª	56	†	45½	2.36	19.3	0.46	2.4	none	0.0	9.73	2,243
803	Prime Computer	–1.6	33	5	7¼	–2.81	def	0.23	def	none	0.0	11.06	355
NR	Primerica	NA	35	17	27¾	3.48	8.0	0.61	6.0	0.32	1.2	20.28	2,664
385	Procter & Gamble	248.8	67	15	64¾	4.04	16.0	0.97	6.3	1.80	2.8	21.09	20,978
24	Progressive	1854.2	43	1	42¼	3.93	11.2	0.83	7.7	0.44	1.0	15.51	1,137
483	Provident Life & Acc	181.9	29	6	26½	2.97	8.9	0.45	5.0	0.80	3.0	23.24	1,237
644	PS Group	91.7	43	15	34½	1.05	32.9	0.93	2.5	0.60	1.7	41.10	231
837	PSI Holdings	–28.3	28	6	16¾	1.85	9.1	0.86	9.5	0.80	4.8	8.73	904
638	Public Service Colo	94.4	26	11	26	2.75	9.5	0.79	9.1	2.00	7.7	16.49	1,364
870	Public Service NH	–74.0	20	2	4	0.04	100.0	0.28	0.2	none	0.0	7.52	169
834	Public Service NM	–24.7	39	10	13¾	–2.44	def	0.64	def	none	0.0	18.03	574
597	Pub Svc Enterprise	118.2	32	10	28	2.57	10.9	1.24	11.4	2.08	7.4	19.11	5,750
715	Puget Sound P&L	52.6	25	9	21¾	2.14	10.2	1.37	15.1	1.76	8.1	15.98	1,199
96	Quaker Oats	770.5	69	6	61¾	2.69	23.0	0.85	3.7	1.40	2.3	17.53	4,864
802	Quaker State	–1.6	32	9	15⅜	0.57	27.0	0.50	1.9	0.80	5.2	11.93	406
748	Quanex	29.7	30	3	15⅛	2.33	6.5	0.38	6.5	0.32	2.1	10.23	186
767	Quantum Chemical	20.8	107	18	34⅜	13.16	2.6	0.28	11.5	none	0.0	–17.67	792
541	Questar	143.9	46	12	36⅛	2.43	14.9	1.41	9.8	1.92	5.3	23.76	686
137	Ralston Purina	638.6	102	9	81⅛	6.44	12.6	0.75	6.3	1.65	2.0	15.98	5,012
774	Ramada	18.2	15	4	9¾	–0.78	def	0.70	def	none	0.0	7.43	388
672	Raychem	79.0	55	12	31⅝	1.01	31.3	1.02	3.2	0.32	1.0	20.84	1,115
575	Raytheon	129.1	85	28	76¾	7.86	9.8	0.58	5.9	2.20	2.9	31.96	5,094
NR	Reebok International	NA	25	2	16¾	1.29	13.0	1.07	8.3	0.30	1.8	6.12	1,892
NR	Reliance Group	NA	12	4	6	–0.74	def	0.12	def	0.32	5.3	4.91	447
214	Republic New York	456.0	58	8	47⅞	–1.40	def	0.57	def	1.28	2.7	37.18	1,438
NR	Rexene	NA	25	4	6⅛	NA	NA	0.29	8.9	1.00	16.3	7.09	189
681	Reynolds & Reynolds	75.2	42	8	24¾	2.53	9.8	0.78	4.5	0.80	3.2	10.61	471
432	Reynolds Metals	211.6	63	9	50⅝	9.54	5.3	0.45	8.9	1.80	3.6	37.77	2,735
NR	Richfood Holding	NA	12	6	7⅛	–0.43	def	0.06	def	none	0.0	4.05	76
516	Riggs National	154.8	42	8	23¼	2.97	7.8	0.48	6.1	1.25	5.4	23.41	320
200	Rite Aid	491.4	46	4	38⅜	2.35	16.4	0.53	3.2	0.82	2.1	15.35	1,601
463	Roadway Services	192.5	46	11	38¾	2.47	15.7	0.60	3.8	1.10	2.8	17.06	1,523
830	HH Robertson	–21.5	49	8	11⅞	–0.14	def	0.15	def	none	0.0	12.37	75
322	AH Robins	311.3	38	5	36½	1.83	19.9	0.96	4.8	none	0.0	–62.31	882
713	Rochester G&E	53.4	30	10	20⅞	1.75	11.9	0.80	7.5	1.50	7.2	17.69	643
312	Rochester Telephone	321.3	46	7	39½	2.19	18.0	1.71	9.7	1.42	3.6	14.52	906
355	Rockwell Intl	284.5	31	5	23¼	2.87	8.1	0.48	5.9	0.78	3.4	14.09	6,071
337	Rohm & Haas	299.0	53	5	32	2.97	10.8	0.81	7.5	1.20	3.8	18.14	2,129
465	Rohr Industries	189.5	39	4	20⅝	1.90	10.9	0.35	3.2	none	0.0	23.34	365
NR	Rollins	NA	23	6	17½	0.98	17.9	1.04	5.8	0.54	3.1	2.59	413
383	Rorer Group	252.4ª	48	9	42⅞	2.14	20.0	1.24	6.2	0.84	2.0	14.14	1,364
199	Rose's Stores	493.4	23	1	7¾	0.41	18.9	0.10	0.6	0.16	2.1	10.13	153
NR	Ross Stores	NA	25	3	15¼	1.22	12.5	0.49	4.4	none	0.0	4.52	348
359	Rouse	282.8	30	4	26	0.23	113.0	2.57	2.9	0.56	2.2	1.41	1,244
76	Rubbermaid	904.5	36	2	35⅝	1.51	23.6	1.98	8.4	0.52	1.5	6.95	2,621
118	Ruddick	685.9	28	3	28	2.07	13.5	0.20	1.6	0.66	2.4	14.81	262
49	Russell	1244.1	25	1	23⅝	1.49	15.9	1.50	9.5	0.28	1.2	8.55	954
433	Ryder System	210.7	43	4	22	0.91	24.2	0.34	1.5	0.60	2.7	18.68	1,754
301	Rykoff-Sexton	331.7	30	3	21	1.67	9.9	0.15	1.5	0.60	2.9	18.91	198
162	Ryland Group	552.4	33	2	21	2.73	7.7	0.20	2.7	0.60	2.9	13.16	269
333	Safeco	301.4	39	7	37⅜	4.72	7.9	0.80	10.1	1.20	3.2	24.87	2,360
64	Safety-Kleen	982.3	40	2	33	1.35	24.4	2.40	9.9	0.36	1.1	6.49	1,099

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448	**St Paul Cos**	200.6	62	15	61¼	7.31	8.4	0.75	9.4	2.20	3.6	43.47	2,840
265	**Salem Carpet Mills**	392.3	14	1	8	0.96	8.3	0.16	1.9	0.08	1.0	7.53	64
661	**Salomon**	82.7[b]	59	11	23¾	2.40	9.9	0.36	4.4	0.64	2.7	23.88	3,003
408	**San Diego G&E**	231.4	44	9	43½	3.02	14.4	1.20	8.9	2.70	6.2	22.00	2,432
NR	**Santa Fe Pacific**	NA	26	14	17¾	1.07	16.6	0.92	5.6	0.10	0.6	3.07	2,794
85	**Sara Lee**	817.4	63	4	59⅝	3.60	16.6	0.58	3.7	1.44	2.4	19.27	6,778
15	**Savannah Foods**	2447.8	46	1	44	2.92	15.0	0.56	3.7	0.72	1.6	10.06	588
887	**Savin**	–98.0	19	†	¼	–0.46	def	0.10	def	none	0.0	0.16	35
567	**Scana**	133.1	43	12	34⅜	3.03	11.3	1.25	11.0	2.46	7.2	22.23	1,385
424	**SCEcorp**	215.3	39	10	38⅝	3.51	11.0	1.24	11.2	2.56	6.6	23.18	8,439
245	**Schering-Plough**	421.8	80	12	79¼	4.03	19.7	2.86	14.5	1.80	2.3	14.91	8,913
797	**Schlumberger**	3.5	87	26	43⅛	1.76	24.5	2.17	8.9	1.20	2.8	11.59	10,253
33	**A Schulman**	1505.4	36	1	31	2.30	13.5	0.67	4.9	0.40	1.3	10.76	415
116	**Schultz Sav-O Stores**	713.6	19	1	16⅝	1.60	10.4	0.07	0.9	0.12	0.7	8.48	32
NR	**Charles Schwab**	NA	17	5	13½	0.48	28.1	0.68	2.6	0.12	0.9	6.26	343
179	**SCI Systems**	518.9	23	1	9⅝	0.33	29.2	0.19	0.7	none	0.0	8.11	201
493	**Scientific-Atlanta**	174.0	35	7	24¾	1.63	15.2	1.01	6.8	0.16	0.6	11.12	571
230	**Scott Paper**	435.7	53	6	48⅞	5.05	9.7	0.71	7.6	0.80	1.6	26.54	3,581
NR	**EW Scripps**	NA	27	14	23½	1.03	22.8	1.47	6.4	0.36	1.5	7.98	1,850
128	**Seaboard**	653.6	198	16	130	17.82	7.3	0.37	5.1	0.50	0.4	115.26	193
665	**Seagate Technology**	81.1[b]	46	4	13⅛	1.52	8.6	0.55	5.3	none	0.0	8.85	797
176	**Seagram**	522.1	87	11	84¼	6.74	12.5	1.92	15.2	1.40	1.7	50.65	8,275
610	**Sears, Roebuck**	110.4	60	14	37⅞	2.88	13.2	0.27	1.9	2.00	5.3	37.75	14,104
247	**Seaway Food Town**	421.5	25	3	22	1.67	13.2	0.20	0.7	0.36	1.6	6.46	101
381	**Security Pacific**	254.1	55	9	41½	6.13	6.8	0.48	7.4	2.28	5.5	31.52	4,665
342	**Selective Insurance**	295.1	28	4	18	3.01	6.0	0.48	8.0	0.96	5.3	15.72	245
352	**Sequa**	288.5	88	13	70¼	6.12	11.5	0.40	3.7	0.60	0.9	61.63	724
59	**Service Corp Intl**	1077.4	32	1	16⅛	1.04	15.5	1.05	7.4	0.56	3.5	10.71	778
651	**Service Merchandise**	87.9[c]	22	2	8⅜	1.55	5.4	0 13	2.4	0.05	0.6	7.62	419
9	**Shaw Industries**	3554.1	32	†	30	1.74	9.1	0.37	4.3	0.40	1.3	12.32	450
391	**Shawmut National**	245.4	32	4	22⅞	3.51	6.5	0.58	8.9	1.44	6.3	22.22	1,717
NR	**Shearson Lehman**	NA	34	12	15⅛	0.76	19.9	0.11	0.7	0.75	5.0	17.44	1,318
75	**Sherwin-Williams**	906.3	39	2	33½	2.50	13.4	0.69	5.1	0.70	2.1	13.97	1,442
NR	**Shoney's**	NA	13	6	11½	0.44	26.1	0.50	2.0	none	0.0	–10.38	420
224	**Signet Banking**	444.1	43	5	37¾	4.35	8.7	0.79	9.4	1.56	4.1	25.07	998
772	**Skyline**	19.4	31	8	13⅞	1.37	10.1	0.41	4.0	0.48	3.5	13.61	156
730	**AO Smith**	43.4	30	4	16¼	1.42	11.4	0.13	1.5	0.80	4.9	29.18	130
863	**Smith International**	–60.9	70	1	13⅜	–0.12	def	1.30	def	none	0.0	3.39	390
194	**Smithfield Foods**	500.0	21	1	12	0.68	17.6	0.11	0.7	none	0.0	6.31	83
NR	**Smith's Food & Drug**	NA	25	20	22¾	1.11	20.5	0.27	1.4	0.20	0.9	5.77	441
557	**Snap-on Tools**	138.1	47	8	32	2.66	12.0	1.48	12.4	1.08	3.4	12.35	1,309
362	**Society**	281.8	41	7	36¾	4.61	8.0	0.74	9.9	1.60	4.4	29.96	815
NR	**Softsel Computer Prod**	NA	8	5	6¾	0.77	8.8	0.14	1.7	none	0.0	3.11	79
704	**Sonat**	60.2	45	19	43¼	2.40	18.0	1.04	5.7	2.00	4.6	26.64	1,757
91	**Sonoco Products**	791.5	39	3	36½	2.36	15.5	0.97	6.2	0.84	2.3	10.36	1,601
807	**Soo Line**	–2.5	37	12	19½	0.14	139.3	0.34	0.3	none	0.0	28.32	185
257	**South Carolina Natl**	408.0	28	3	24⅛	2.69	9.0	0.82	9.2	0.72	3.0	18.19	524
553	**Southdown**	141.1	29	9	27¾	2.09	13.3	0.72	6.5	0.50	1.8	17.93	454
510	**Southeast Banking**	158.3	31	8	24¾	3.75	6.6	0.45	7.3	1.12	4.5	22.55	748
546	**Southern Company**	142.4	29	10	27⅞	2.82	9.9	1.20	12.1	2.14	7.7	21.20	8,795
260	**So N England Telecom**	405.9	90	14	86	6.02	14.3	1.61	11.2	3.24	3.8	36.96	2,686
277	**SouthTrust**	371.7	25	3	23⅛	2.69	8.6	0.87	9.8	0.96	4.2	16.20	636
285	**Southwest Airlines**	355.9	35	3	22⅛	2.60	8.5	0.70	8.1	0.14	0.6	18.15	692
718	**Southwest Gas**	51.1	27	7	17	1.87	9.1	0.57	6.7	1.40	8.2	16.49	319
NR	**Southwestern Bell**	NA	59	18	55⅝	3.67	15.2	1.94	12.8	2.60	4.7	28.31	16,712
551	**Southwestern Pub Svc**	141.2	38	9	29¼	2.45	11.9	1.50	13.5	2.20	7.5	15.26	1,197
NR	**Sovran Financial**	NA	45	16	38⅞	4.43	8.8	0.89	10.3	1.80	4.6	24.24	2,283
NR	**Spiegel**	NA	24	6	19⅝	1.30	15.1	0.64	4.1	0.20	1.0	6.88	1,020
NR	**Sprague Technologies**	NA	20	6	6⅞	–1.82	def	0.26	def	0.05	0.7	18.10	125
365	**Springs Industries**	276.0	45	6	35¼	3.86	9.1	0.33	3.6	1.20	3.4	30.67	622
633	**SPS Technologies**	97.1	60	10	48⅜	3.91	12.4	0.56	4.5	1.20	2.5	33.95	241
557	**SPX**	138.1[c]	45	7	32	4.96	6.5	0.69	9.7	1.00	3.1	25.87	486

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577	**Square D**	128.0	66	17	53	4.61	11.5	0.82	7.0	2.00	3.8	24.76	1,362
NR	**SSMC**	NA	37	11	31⅝	–5.34	def	0.38	def	none	0.0	26.56	224
361	**Std Commercial**	281.9	22	2	13¾	–0.68	def	0.12	def	0.52	3.8	16.94	113
NR	**Standard Fedl Bank**	NA	13	4	11	1.59	6.9	0.35	5.1	0.40	3.6	13.33	335
38	**Standard Products**	1383.5	45	1	28⅜	2.38	11.9	0.49	4.2	0.92	3.2	15.06	295
148	**Standard Register**	590.4	29	1	15¼	1.33	11.5	0.64	5.6	0.52	3.4	9.88	454
343	**Standard Shares**	294.6	110	21	109½	5.65	19.4	0.35	1.8	none	0.0	67.01	288
457	**Standex International**	196.3	27	5	24⅜	2.07	11.9	0.57	5.1	0.68	2.8	13.59	254
87	**Stanhome**	808.9	36	2	26⅛	2.15	12.2	0.98	8.2	0.68	2.6	7.93	521
520	**Stanley Works**	154.3	39	8	35½	2.65	13.4	0.78	5.9	1.08	3.0	16.76	1,519
17	**State Street Boston**	2364.8	41	1	38⅛	2.76	13.8	1.29	9.7	0.60	1.6	14.44	1,335
NR	**Sterling Chemicals**	NA	19	6	7⅝	2.45	3.1	0.71	22.6	1.00	13.1	1.51	458
295	**Stewart & Stevenson**	344.9	33	3	22	2.00	11.0	0.60	4.9	0.16	0.7	[illegible].48	334
175	**Stone Container**	523.6	40	3	25½	5.50	4.6	0.31	6.8	0.72	2.8	17.74	1,529
884	**Storage Technology**	–92.7	404	9	12⅝	1.55	8.1	0.30	3.9	none	0.0	12.50	288
98	**Strawbridge**	770.0	45	3	36¾	3.13	11.8	0.34	2.9	1.10	3.0	25.06	309
NR	**Student Loan**	NA	54	8	48⅝	2.43	20.0	1.41	8.0	0.40	0.8	6.45	4,380
340	**Subaru of America**	296.3	39	1	6⅛	–1.42	def	0.17	def	none	0.0	4.32	297
NR	**Sudbury**	NA	15	4	5½	–1.09	def	0.14	def	none	0.0	4.48	70
NR	**Sun Co**	NA	43	28	39¼	3.26	12.0	0.43	3.6	1.80	4.6	31.24	4,177
NR	**Sun Microsystems**	NA	23	5	15⅝	0.57	27.4	0.69	2.4	none	0.0	7.88	1,312
680	**Sundstrand**	75.7	84	23	66¾	3.55	18.8	0.78	4.6	1.80	2.7	26.47	1,234
NR	**SunTrust Banks**	NA	28	13	22½	2.56	8.8	0.90	10.3	0.84	3.7	14.57	2,904
73	**Super Food Services**	906.8	22	2	20⅛	1.47	13.7	0.13	0.9	0.32	1.6	8.88	215
309	**Super Valu Stores**	325.2	30	4	25⅜	1.85	13.7	0.18	1.3	0.60	2.4	10.40	1,899
89	**Syntex**	804.5	55	3	46½	2.79	16.7	3.74	22.5	1.50	3.2	5.26	5,194
32	**Sysco**	1510.8	31	1	30⅜	1.07	28.3	0.39	1.6	0.20	0.7	7.07	2,761
701	**Talley Industries**	64.1	24	2	10½	2.16	4.9	0.23	6.5	0.50	4.8	11.34	98
NR	**Talman Home Federal**	NA	14	5	9	2.22	4.1	0.15	3.8	0.25	2.8	32.81	86
326	**Tambrands**	307.9	77	12	64¾	3.38	19.2	2.47	12.9	2.16	3.3	15.81	1,445
151	**Tandem Computers**	584.6	38	3	24¼	1.17	20.7	1.43	7.2	none	0.0	8.92	2,331
235	**Tandy**	428.0	65	6	41¼	3.65	11.3	0.84	7.6	0.60	1.5	20.65	3,561
NR	**TBC**	NA	14	2	13⅛	1.56	8.4	0.43	3.3	none	0.0	6.63	209
NR	**TCF Financial**	NA	18	6	12¾	1.59	8.0	0.16	2.1	0.40	3.1	22.26	91
442	**TECO Energy**	204.2	28	6	27	2.30	11.7	1.45	12.4	1.52	5.6	14.59	1,532
571	**Tecumseh Products**	129.8	160	52	142½	14.97	9.5	0.55	5.8	3.20	2.2	112.98	779
846	**Tektronix**	–43.6	43	16	16⅞	0.34	49.6	0.34	0.7	0.60	3.6	17.18	489
39	**Tele-Communications**	1369.1	22	†	17⅜	–0.48	def	2.17	def	none	0.0	3.42	6,136
NR	**Telecom-USA**	NA	40	11	29	1.24	23.4	1.17	5.4	none	0.0	6.23	769
282	**Teledyne**	363.0	390	60	330⅞	26.31	12.6	0.79	6.3	4.00	1.2	191.10	3,703
NR	**Temple-Inland**	NA	69	20	62¼	7.60	8.2	0.81	9.9	1.16	1.9	39.73	1,717
710	**Tenneco**	54.5	64	22	59⅞	6.97	8.6	0.55	7.1	3.04	5.1	24.73	7,593
777	**Teradyne**	15.5	39	6	10¼	0.10	102.5	0.59	0.6	none	0.0	9.68	295
847	**Tesoro Petroleum**	–43.8	32	7	10¾	–2.83	def	0.20	def	none	0.0	11.56	151
662	**Texaco**	82.7[c]	57	23	52¾	9.40	5.6	0.39	7.3	3.00	5.7	33.17	12,888
761	**Texas Air**	24.1	52	4	11⅝	–19.33	def	0.07	def	none	0.0	–5.62	485
683	**Texas Industries**	75.1	43	13	27½	–0.09	def	0.37	0.2	0.80	2.9	27.25	256
798	**Texas Instruments**	1.4	80	23	29¾	3.74	8.0	0.38	5.5	0.72	2.4	23.21	2,399
630	**Texas Utilities**	98.6	38	14	35¼	4.05	8.7	1.41	16.4	2.92	8.3	33.38	5,958
656	**Textron**	84.9	40	8	24⅜	3.00	8.1	0.28	3.6	1.00	4.1	27.53	2,071
NR	**TGI Friday's**	NA	18	5	14⅜	0.76	18.9	0.41	3.5	none	0.0	6.79	160
300	**Thermo Electron**	334.2	38	3	33⅛	1.29	25.7	1.01	4.0	none	0.0	10.42	577
NR	**Thiokol**	NA	16	12	13¾	0.94	14.6	0.23	1.6	0.30	2.2	12.39	264
582	**Thomas & Betts**	126.8	68	17	47⅝	3.26	14.6	1.51	10.4	2.00	4.2	18.57	808
815	**Thorn Apple Valley**	–9.1	10	3	7	1.02	6.9	0.03	0.6	none	0.0	13.64	17
821	**TIE/Communications**	–15.3	40	1	1⅜	–0.59	def	0.20	def	none	0.0	3.24	48
NR	**Time Warner**	NA	183	33	134½	0.45	298.9	1.32	0.4	1.00	0.7	23.97	7,625
338	**Times Mirror**	298.7	53	7	36⅜	2.49	14.6	1.34	9.5	1.00	2.7	14.03	4,659
783	**Timken**	10.8	41	19	28¼	3.12	9.1	0.50	5.6	0.92	3.3	34.31	802
NR	**TJX Cos**	NA	19	14	16	1.14	14.0	0.44	3.2	0.40	2.5	9.67	900
871	**Todd Shipyards**	–77.3	42	1	5½	–18.90	def	0.07	def	none	0.0	–3.43	23
117	**Tonka**	710.9	32	1	16¼	1.51	10.8	0.14	1.3	none	0.0	11.09	128

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Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN THE STOCK MARKET

Rank	Company	10-year price change %	1980-89 price range high	1980-89 price range low	Recent price	Latest 12-mos earnings per share $	Price/ earnings ratio	Price/ sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
80	Torchmark	844.5	51	4	49	3.63	13.5	1.59	12.1	1.40	2.9	13.23	2,621
744	Toro	33.3	25	3	21	1.90	11.1	0.33	3.1	0.48	2.3	11.17	208
873	Tosco	–78.1	226	5	24⅜	0.69	35.3	0.23	2.2	0.60	2.5	8.40	287
20	Toys "R" Us	2176.4	40	1	38⅛	1.41	27.0	1.68	6.3	none	0.0	7.41	7,323
500	Transamerica	166.9	52	14	45⅜	3.95	11.5	0.50	4.6	1.92	4.2	33.06	3,413
805	Transco Energy	–1.7	64	18	42⅝	–0.84	def	0.48	def	1.36	3.2	20.49	1,297
609	Travelers	110.5	60	16	40⅛	5.42	7.4	0.34	4.7	2.40	6.0	45.33	4,089
NR	Tredegar Industries	NA	18	12	14¼	NA	NA	0.27	2.2	0.24	1.7	NA	171
NR	Tribune	NA	63	12	47½	3.05	15.6	1.47	9.9	0.88	1.9	16.28	3,554
501	Trinity Industries	166.7	46	9	32½	2.46	13.2	0.48	3.7	0.80	2.5	12.58	588
460	Trinova	195.4	44	6	23⅞	1.07	22.3	0.42	1.9	0.68	2.8	19.89	816
620	Trustcorp	104.5	44	9	26	–6.95	def	0.71	def	none	0.0	22.01	428
536	TRW	145.6	70	17	47⅛	4.18	11.3	0.40	3.6	1.72	3.6	25.50	2,839
NR	Tucson Electric	NA	65	12	21¼	–1.36	def	0.87	def	1.60	7.5	32.12	535
54	Turner Broadcasting	1142.9[a]	64	3	50½	–0.77	def	2.34	0.7	none	0.0	–6.22	2,322
625	Turner Corp	100.1	31	6	14⅛	0.20	70.7	0.02	0.0	1.00	7.1	11.13	61
NR	TW Services	NA	39	9	33¾	0.62	54.4	0.44	0.8	none	0.0	10.29	1,643
46	20th Century Inds	1269.2	30	1	22¼	3.26	6.8	0.83	12.1	0.48	2.2	9.35	571
44	Tyco Laboratories	1285.9	53	2	49⅜	2.42	20.4	0.99	4.7	0.32	0.6	11.69	2,074
10	Tyson Foods	3317.0	26	†	24½	1.55	15.8	0.62	4.0	0.04	0.2	5.35	1,563
104	UAL	744.7	294	13	189	18.18	10.4	0.42	3.5	none	0.0	56.74	4,083
743	UGI	33.6	40	16	36¾	3.08	11.9	1.16	10.8	2.25	6.1	22.32	363
253	UJB Financial	412.5	33	3	23⅜	2.71	8.7	0.87	10.4	1.16	4.9	17.02	1,027
869	UNC	–73.9	28	3	5⅞	0.93	6.3	0.22	3.5	none	0.0	7.93	99
677	Union Bank	77.8	37	10	26¾	3.97	6.7	0.52	8.2	1.32	4.9	21.98	815
509	Union Camp	158.9	48	12	36¼	4.59	7.9	0.90	11.4	1.48	4.1	22.66	2,494
694	Union Carbide	68.8[c]	33	11	23⅝	4.91	4.8	0.37	7.8	1.00	4.2	13.34	3,252
562	Union Electric	135.4	32	9	28¼	2.35	12.0	1.46	13.2	2.08	7.4	18.56	2,885
621	Union Pacific	103.1	96	29	73⅜	5.63	13.0	1.17	9.7	2.20	3.0	39.69	7,397
NR	Union Texas Petrol	NA	19	5	16	1.47	10.9	1.42	18.1	0.20	1.3	2.04	1,341
853	Unisys	–48.8	48	9	13⅜	–3.55	def	0.21	def	1.00	7.5	23.92	2,134
729	United Banks of Colo	44.2	36	11	21	0.81	25.9	0.51	2.4	0.20	1.0	25.54	317
287	United Brands	355.2	20	2	16½	1.93	8.5	0.17	2.0	0.20	1.2	10.38	637
NR	United HealthCare	NA	16	2	11¾	0.52	22.6	0.58	2.7	none	0.0	0.84	221
709	United Illuminating	55.0	36	9	32¾	–4.79	def	0.86	def	2.32	7.1	34.11	455
851	United Merchants	–47.8	22	2	3⅛	–8.24	def	0.06	def	none	0.0	4.14	28
414	US Bancorp	227.8	33	6	31	2.98	10.4	0.96	9.2	1.00	3.2	19.13	1,529
NR	US Healthcare	NA	23	1	14⅞	0.42	35.4	0.75	2.2	0.23	1.5	3.07	679
875	US Home	–79.8	21	1	1⅛	–0.11	def	0.08	def	none	0.0	4.43	55
169	US Shoe	537.6	35	2	19	1.14	16.7	0.34	2.1	0.46	2.4	11.60	846
491	United Stationers	175.8[b]	29	4	15	1.60	9.4	0.24	2.6	0.40	2.7	9.79	231
522	United Technologies	153.5	61	15	54½	5.07	10.7	0.36	3.4	1.60	2.9	36.88	7,127
341	United Telecom	296.2	44	7	39⅛	3.10	12.6	1.10	8.8	1.00	2.6	9.06	8,030
NR	Univar	NA	18	4	15⅝	1.15	13.7	0.20	1.5	0.30	1.9	6.57	273
347	Universal	291.9	39	7	36½	2.76	13.2	0.21	1.6	1.40	3.8	16.92	618
197	Universal Foods	495.2	26	2	25⅛	1.60	15.7	0.74	4.8	0.68	2.7	7.18	622
825	Universal Health	–18.3[b]	30	3	7⅜	0.56	13.2	0.19	1.4	none	0.0	10.68	108
560	Unocal	136.9	29	7	26½	1.82	14.5	0.63	4.3	0.70	2.6	9.26	6,186
NR	UNUM	NA	46	15	43⅝	3.68	11.8	0.83	8.3	0.60	1.4	30.42	1,554
280	Upjohn	369.8	54	6	37	2.02	18.3	2.34	12.8	1.00	2.7	9.83	6,855
NR	US West	NA	75	27	71¼	5.66	12.6	1.37	10.9	3.76	5.3	42.63	13,013
255	USAir Group	409.1	55	6	35	1.29	27.1	0.25	1.0	0.12	0.3	47.28	1,532
714	USF&G	53.2	49	15	29½	0.63	46.8	0.52	1.5	2.80	9.5	23.75	2,424
NR	USG	NA	8	2	3	1.17	2.6	0.07	2.9	none	0.0	–27.26	162
454	Uslico	197.0	31	6	22½	2.81	8.0	0.60	7.5	1.00	4.4	26.29	244
657	USLife	84.4	50	14	42⅞	4.56	9.4	0.61	6.7	1.48	3.5	52.77	721
77	UST Inc	884.2	31	2	27⅜	1.59	17.2	4.64	28.5	0.92	3.4	4.12	3,011
635	USX	96.5	40	14	34⅜	3.17	10.8	0.52	5.1	1.40	4.1	19.38	8,905
315	UtiliCorp United	319.3	21	4	20⅝	1.97	10.5	0.64	6.6	1.44	7.0	15.24	436
770	Valero Energy	20.3	44	4	14⅜	1.08	13.1	0.59	5.1	0.20	1.4	13.02	507
NR	Valhi	NA	18	5	15⅝	1.12	14.0	0.76	5.4	0.20	1.3	2.73	1,780
844	Valley National	–39.9	50	12	12⅜	–5.95	def	0.21	def	none	0.0	31.29	249

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Rank	Company	10-year price change %	1980-89 price range high	low	Recent price	Latest 12-mos earnings per share $	Price/ earnings ratio	Price/ sales ratio	Net profit margin %	Indicated annual dividend $	Current yield %	Book value per share $	Market value $mil
110	Valmont Industries	735.7	18	1	17½	1.69	10.4	0.25	2.5	0.26	1.5	7.22	192
37	Valspar	1412.5	41	1	30¼	1.97	15.4	0.68	4.4	0.44	1.5	8.92	339
725	Varian Associates	45.5	63	10	22	1.53	14.4	0.35	2.3	0.26	1.2	20.81	477
874	Varity	–79.2	12	1	2⅛	0.29	7.3	0.20	3.4	none	0.0	1.56	439
58	VF	1099.8	48	2	32¼	2.59	12.5	0.76	7.0	1.00	3.1	16.05	1,876
NR	Viacom	NA	65	10	58⅝	2.18	26.9	2.23	10.8	none	0.0	6.32	3,129
131	Village Super Market	650.0	25	1	15	1.52	9.9	0.07	0.8	0.15	1.0	15.49	46
NR	Vista Chemical	NA	64	17	38¼	8.56	4.5	0.49	15.4	1.80	4.7	9.26	379
801	Volt Info Sciences	–0.7	34	6	12¼	0.51	24.0	0.16	0.7	none	0.0	14.43	76
NR	Vons Cos	NA	24	6	14¾	–1.17	def	0.11	def	none	0.0	5.53	571
231	Vulcan Materials	433.3	49	7	43½	3.32	13.1	1.63	12.4	1.12	2.6	15.56	1,773
NR	VWR	NA	28	8	18¼	1.57	11.6	0.17	1.4	0.80	4.4	13.57	99
NR	Waban	NA	20	12	12½	NA	NA	0.19	1.2	none	0.0	1.66	352
302	Wackenhut	329.7	40	4	22⅜	1.40	16.0	0.19	1.2	0.60	2.7	7.91	86
6	Wal-Mart Stores	3767.4	44	†	42	1.72	24.4	0.98	4.0	0.22	0.5	5.32	23,755
71	Walgreen	925.5	50	3	42⅝	2.50	17.1	0.49	2.9	0.80	1.9	11.59	2,622
125	Wallace Computer Services	665.2	29	2	27½	1.76	15.6	1.36	8.6	0.40	1.5	11.53	582
840	Wang Laboratories	–32.8	43	4	5⅜	–3.05	def	0.32	def	none	0.0	6.90	882
149	Warner Commun	590.0	68	8	63⅞	0.97	65.9	1.95	3.3	0.68	1.1	9.69	10,632
222	Warner-Lambert	447.5	116	17	109½	5.87	18.7	1.79	9.6	2.56	2.3	14.73	7,424
507	Washington Gas Light	160.7	30	9	29	2.43	11.9	0.74	6.3	1.96	6.8	19.91	557
NR	Washington Mutual	NA	27	3	19⅝	1.95	10.1	0.46	4.5	0.40	2.0	23.21	296
716	Washington National	52.2	40	12	25⅞	–0.72	def	NA	NA	1.08	4.2	32.03	279
47	Washington Post	1269.0	311	15	287½	14.31	20.1	2.58	12.8	1.84	0.6	67.50	3,698
28	Waste Management	1701.5	67	3	65⅞	2.34	28.2	3.52	12.6	0.60	0.9	9.85	14,903
NR	Weirton Steel	NA	15	12	12⅛	0.81	15.0	0.18	1.3	0.64	5.3	15.93	242
184	Weis Markets	508.4	42	4	30½	1.89	16.1	1.11	6.9	0.56	1.8	11.23	1,385
193	Wells Fargo	500.0	88	9	80⅝	10.52	7.7	0.77	10.5	3.60	4.5	41.38	4,237
641	Wendy's Intl	92.2	18	1	5	0.26	19.2	0.46	2.4	0.24	4.8	4.36	481
574	Western Digital	129.3	33	2	6⅞	0.64	10.8	0.21	1.9	none	0.0	10.38	200
NR	Western Publishing	NA	25	8	19⅞	1.09	18.2	0.79	4.5	none	0.0	8.46	398
886	Western Union	–97.7	54	†	½	–7.49	def	0.04	def	none	0.0	–10.54	27
144	Westinghouse	611.8	75	9	71⅝	5.89	12.2	0.80	6.7	2.40	3.4	26.36	10,312
822	Westmoreland Coal	–15.5	33	13	23¼	1.63	14.3	0.32	2.2	none	0.0	16.88	192
449	Westvaco	200.3	38	7	27¼	3.45	7.9	0.77	9.8	1.00	3.7	20.39	1,762
250	Wetterau	415.3	32	4	29⅝	1.90	15.6	0.14	0.9	0.60	2.0	10.60	701
762	Weyerhaeuser	24.0	40	15	26½	2.94	8.9	0.50	5.9	1.20	4.6	18.74	5,346
NR	Wheelabrator Tech	NA	43	35	38⅝	NA	NA	NA	NA	none	0.0	NA	150,251
831	Wheeling-Pittsburgh	–21.9	40	5	13⅜	26.90	0.5	0.06	12.7	none	0.0	–56.23	68
422	Whirlpool	216.1	42	7	29⅝	1.82	16.3	0.37	2.3	1.10	3.7	19.06	2,053
276	Whitman	372.7	41	4	29¼	1.81	16.2	0.76	5.4	1.02	3.5	8.44	3,010
NR	Wholesale Club	NA	17	2	12¾	0.62	20.6	0.12	1.0	none	0.0	4.47	57
598	Wicor	117.3	25	7	23½	2.33	10.1	0.43	4.3	1.40	6.0	16.86	318
444	Willamette Inds	203.5	64	9	50	7.05	7.1	0.68	9.6	1.45	2.9	29.38	1,271
775	Williams Cos	16.8	50	12	37⅜	0.58	64.4	0.87	1.6	1.40	3.7	23.61	1,421
393	Winn-Dixie Stores	244.0	59	14	56½	3.49	16.2	0.24	1.5	1.98	3.5	19.61	2,256
563	Winnebago Industries	135.3	24	1	5	–0.19	def	0.28	def	0.20	4.0	5.88	123
351	Wisconsin Energy	288.6	32	6	29⅝	2.47	12.0	1.32	11.0	1.66	5.6	18.95	1,996
499	Wisconsin Public Svc	169.1	32	6	23⅜	2.01	11.6	0.90	8.3	1.62	6.9	16.24	542
447	Witco	200.6	47	9	40¾	3.55	11.5	0.57	5.3	1.72	4.2	25.69	913
278	FW Woolworth	371.6	72	7	59¼	4.61	12.9	0.44	3.5	1.88	3.2	28.59	3,792
325	Worthington Inds	308.3	26	4	24½	1.54	15.9	0.98	6.2	0.56	2.3	7.99	983
495	WPL Holdings	171.9	30	7	24⅛	1.68	14.4	1.06	7.4	1.68	7.0	15.65	643
130	Wm Wrigley Jr	651.0	52	4	47¼	2.66	17.8	1.94	10.8	0.80	1.7	7.77	1,877
778	Wyle Laboratories	14.5	20	3	9¼	0.61	15.2	0.23	1.5	0.28	3.0	9.26	94
793	Wyman-Gordon	5.6	38	11	14¼	–0.03	def	0.75	def	0.80	5.6	14.27	254
NR	Wyse Technology	NA	40	4	10⅛	–2.74	def	0.37	def	none	0.0	9.88	150
810	Xerox	–7.2	85	27	57⅝	3.72	15.5	0.30	2.4	3.00	5.2	52.22	5,265
388	Yellow Freight Sys	246.6	43	5	25⅛	2.24	11.2	0.33	3.0	0.76	3.0	15.78	723
745	Zenith Electronics	32.1	39	7	12⅞	–1.00	def	0.18	def	none	0.0	18.84	344
498	Zenith National Ins	169.7	30	5	18⅛	2.14	8.5	0.83	9.7	0.84	4.6	13.90	387
366	Zurn Industries	274.6	44	7	38⅝	2.16	17.9	0.85	4.8	0.76	2.0	16.86	472

Note: Except as indicated, price changes are from Dec. 31, 1979 to Nov. 15, 1989. †Less than $1. NR: Not ranked because of merger, spinoff, reorganization, new issue or conversion to stock company. Range is for period since such change. a: Nine-year price change. b: Eight-year price change. c: Does not reflect special cash dividend paid. NA: Not available. NM: Not meaningful. NE: Negative equity. def: Deficit.

Sources: Forbes; William O'Neill & Co.

WHO'S WHERE IN PROFITABILITY

Over the past decade, America's largest corporations had an average annual return on equity of 14.3%. That's pretty good, and if business was slowing last year, you wouldn't know it from the overall results that come up in our survey.

By Gustavo Lombo

CORPORATIONS WILL BE releasing their fourth-quarter results over the next few weeks, capping an exceptionally profitable decade for U.S. business. The median company in our survey had a ten-year average return on equity of 14.3%. Although various economic indicators are pointing to a business slowdown, major corporations have yet to show serious signs of faltering: Over the latest 12 months, the median company in this survey earned 14.4% on its equity.

Liz Claiborne, a designer and marketer of apparel, has shown the best long-term profitability. Note the footnote next to Claiborne's ten-year average return on equity. It indicates that Liz Claiborne's average annual profitability of 51.8% covers only a nine-year period. This company went public in 1981, so a ten-year history of financial data is not available. If we couldn't obtain at least eight years' worth of data, long-term profitability was not calculated. Judging by Liz Claiborne's 32.8% return on equity for the latest 12 months, the company is not faltering, but the garment business is like show business: This year's hit can be next year's bomb.

Apple Computer has a ten-year average return on equity of 36.6%. After a pause in the middle of the decade, Apple has come back strong, making major inroads in the business market with its innovative Macintosh line. For the latest 12 months, Apple's return on equity is 43.2%.

Return on equity is one of the most useful yardsticks in analyzing corporate performance, but it should always be interpreted in the context of other financial data. For example, McCormick & Co. ranked 391 by ten-year average return on equity, but it increased its latest 12-months return on equity to 45.4%. Although the firm earned $5.93 a share, $3.72 came from discontinued real estate operations. Also, companies that pay special cash dividends out of capital in a restructuring can distort results. The numbers are a guide, not a bible.

		Return on equity	
Company	rank	10-year average %	Latest 12 months %
Liz Claiborne	1	51.8[a]	32.8
Rollins	2	47.2[a]	37.8
Price Co	3	40.5[a]	24.3
Limited	4	39.9	33.0
Commerce Clearing	5	39.7	18.9
Kellogg	6	38.9	31.6
General Motors EDS	7	37.9	30.1
Highland Superstores	8	37.3[b]	def
Student Loan	9	37.1	37.7
Apple Computer	10	36.6	43.2
Wal-Mart Stores	11	35.5	32.3
CBS	12	35.4	11.1
Pic'N'Save	13	35.2	20.9
American Home Prods	14	35.0	33.7
Marsh & McLennan	15	34.8	38.3
PSI Holdings	16	34.7	21.2
Corroon & Black	17	34.6	17.2
Consolidated Stores	18	33.7[b]	7.8
Geico	19	33.6	22.7
Ralston Purina	20	33.6	40.3
Bandag	21	33.0	46.9
Holly Corp	22	32.9	67.2
Jostens	23	32.6	26.5
Washington Post	24	32.4	21.2
UST Inc	25	32.4	38.6
Best Buy Co	26	32.1	1.0
Deluxe	27	32.1	26.3
Syntex	28	31.2	47.9
Dun & Bradstreet	29	31.0	27.4
Food Lion	30	30.8	29.9
Merck	31	30.8	50.3
Circuit City Stores	32	30.6	25.8
Lockheed	33	30.4	8.3

NA: Not available. NE: Negative equity. def: Deficit. a: Nine-year average. b: Eight-year average.

		Return on equity	
Company	rank	10-year average %	Latest 12 months %
Abbott Laboratories	34	30.4	33.8
Marion Laboratories	35	30.0	15.1
Progressive	36	29.9	25.3
NIKE	37	29.8	37.8
Dow Jones	38	29.7	27.6
20th Century Inds	39	29.5	34.9
Oshkosh Truck	40	29.2[b]	11.0
Tambrands	41	29.1	21.4
Mark IV Industries	42	29.0	21.8
Cray Research	43	28.9	17.5
Kelly Services	44	28.9	29.9
Charming Shoppes	45	28.8	19.2
Philip Morris Cos	46	28.4	31.6
Columbia S&L Assn	47	28.4[a]	def
Tyson Foods	48	27.8	29.0
Blair	49	27.6	29.7
General Cinema	50	27.5	158.7
Golden West Finl	51	27.2	17.1
Gillette	52	27.0	NE
Tandy	53	26.8	18.8
EG&G	54	26.7	21.2
Gap	55	26.7	34.3
Coca-Cola	56	26.5	39.4
VF	57	26.3	16.1
Safety-Kleen	58	26.1	20.8
Comdisco	59	25.6	23.6
Standard Products	60	25.3	16.5
Intergraph	61	25.2[a]	12.5
Chemed	62	25.1	16.9
Molex	63	25.1	14.8
CDI	64	24.8	24.6
Pall	65	24.8	17.5
Subaru of America	66	24.7	def
Family Dollar Stores	67	24.6	12.9
Bruno's	68	24.6[b]	18.7
Chrysler	69	24.5	19.2
Humana	70	24.4	21.7
Loews	71	24.3	24.4
Ryland Group	72	24.2	20.7
Burlington Coat	73	24.2	12.2
H&R Block	74	24.2	24.1
Cardinal Distribution	75	24.1	13.5
Brunswick	76	24.0	def
Equifax	77	23.9	17.7
PepsiCo	78	23.7	27.9
Fuqua Industries	79	23.6[b]	def
Hasbro	80	23.5	12.0
Hartford Steam Boiler	81	23.5	27.3
Melville	82	23.4	21.0
Marriott	83	23.3	32.5
HJ Heinz	84	23.2	26.3
Giant Food	85	23.2	24.8
Eli Lilly	86	23.1	26.1
Ford Motor	87	23.0	22.0
Browning-Ferris Inds	88	22.9	24.7
National Education	89	22.9	9.7
Smithfield Foods	90	22.9[a]	10.8
General Dynamics	91	22.9	16.6
Mercury General	92	22.8[b]	11.6
Toys "R" Us	93	22.8	19.0
Waste Management	94	22.7	23.8
Martin Marietta	95	22.6	21.4
Times Mirror	96	22.6	17.7
TBC	97	22.6	23.5
McDonald's	98	22.5	20.8
Dean Foods	99	22.4	21.9
Rite Aid	100	22.4	15.3
First Financial Mgmt	101	22.3[a]	14.0
Manor Care	102	22.2	11.8
USG	103	22.2	NE
Handleman	104	22.2	22.2
Olsten	105	22.1	24.9
Rouse	106	22.1	16.3
Philips Industries	107	22.0	17.7
Betz Laboratories	108	22.0	23.4
New York Times	109	22.0	38.7
Gannett	110	21.9	21.8
ConAgra	111	21.9	23.2
Stanhome	112	21.9	27.1
Precision Castparts	113	21.9	15.0
Homestead Financial	114	21.9	def
PH Glatfelter	115	21.9	27.9
HON Industries	116	21.8	32.9
Rorer Group	117	21.8[a]	15.1
Premier Industrial	118	21.7	29.2
Getty Petroleum	119	21.7	23.7
Herman Miller	120	21.7	15.7
Super Valu Stores	121	21.6	17.8
Snap-on Tools	122	21.6	21.5
Kay Jewelers	123	21.6[b]	11.7
Anheuser-Busch Cos	124	21.5	24.4
Rubbermaid	125	21.5	21.7
McGraw-Hill	126	21.5	20.9
Rockwell Intl	127	21.4	20.4
Raytheon	128	21.4	24.6
Tyco Laboratories	129	21.4	24.4
Arden Group	130	21.4	35.9
Lance	131	21.4	20.3
Worthington Inds	132	21.4	20.5
Albertson's	133	21.3	23.5
Johnson & Johnson	134	21.3	30.4
Walgreen	135	21.3	21.6
Freeport-McMoRan	136	21.3	18.4
Ecolab	137	21.2	8.5
Nalco Chemical	138	21.1	23.5
First Union	139	20.9	15.0
Shaw Industries	140	20.9	30.8
Wm Wrigley Jr	141	20.9	34.2
CPC International	142	20.9	27.0
CR Bard	143	20.8	22.6
Valspar	144	20.8	22.1
AMP	145	20.7	19.6
Shoney's	146	20.7	NE
Pitney Bowes	147	20.6	20.1
Air Express Intl	148	20.5	20.7
American Family	149	20.5	12.7
Savannah Foods	150	20.5	29.1
Leucadia National	151	20.4[a]	12.0
Pfizer	152	20.4	16.8
Phillips-Van Heusen	153	20.3	43.5
Quaker Oats	154	20.3	16.2
State Street Boston	155	20.3	19.1
Minn Mining & Mfg	156	20.2	22.4
Hershey Foods	157	20.2	16.2
Nacco Industries	158	20.2	17.9
Medtronic	159	20.2	21.1
IBM	160	20.2	14.0
Intl Flavors & Frags	161	20.1	19.8
Consolidated Papers	162	20.1	22.4
Clorox	163	20.1	16.8
Sara Lee	164	20.0	21.2
AG Edwards	165	20.0	17.5
Great Lakes Chemical	166	20.0	24.7
Flowers Industries	167	20.0	13.1
Warner-Lambert	168	19.9	39.9
Florida Rock Inds	169	19.9	17.3
Bob Evans Farms	170	19.9	15.8
Nordstrom	171	19.8	20.4
Dover	172	19.8	19.9
Genuine Parts	173	19.8	22.6
American Brands	174	19.7	23.1
Interpublic Group	175	19.7	20.8
Zenith National Ins	176	19.7	15.4
Sequa	177	19.7	9.9
Emerson Electric	178	19.7	21.0
Torchmark	179	19.6	27.4
American Stores	180	19.6	7.3
Hannaford Bros	181	19.5	21.1
Alexander & Baldwin	182	19.5	38.0
Brown-Forman	183	19.5	30.5
Masco	184	19.4	15.4
Union Carbide	185	19.4	36.8
Leggett & Platt	186	19.4	18.1
American Intl Group	187	19.3	19.5
Westinghouse	188	19.2	22.3
Sonoco Products	189	19.2	22.8
Hillenbrand Inds	190	19.2	20.5
Dillard Dept Stores	191	19.2	16.0
Weis Markets	192	19.1	16.8
Stone Container	193	19.1	31.0
Automatic Data	194	19.0	20.1
United Stationers	195	19.0[b]	16.3
Upjohn	196	19.0	20.5
Vulcan Materials	197	18.9	21.3
Circle K	198	18.9	1.3
Universal	199	18.9	14.5
A Schulman	200	18.8	21.4
Loral	201	18.8	16.5
E-Systems	202	18.7	16.2
General Electric	203	18.7	20.4
Emerson Radio	204	18.7	15.4
Loctite	205	18.7	26.2
Aon	206	18.6	16.3
CoreStates Financial	207	18.6	17.4
Southwestern Pub Svc	208	18.5	16.1
Cincinnati Financial	209	18.5[a]	14.2
Schering-Plough	210	18.5	27.0
Wallace Computer	211	18.5	17.4
Hilton Hotels	212	18.4	14.4
Hubbell	213	18.3	20.5
Russell	214	18.3	17.4
Selective Insurance	215	18.3	19.1
Capital Cities/ABC	216	18.3	14.8

NA: Not available. NE: Negative equity. def: Deficit. a: Nine-year average. b: Eight-year average.

WHO'S WHERE IN PROFITABILITY

		Return on equity	
Company	rank	10-year average %	Latest 12 months %
Enstar Group	217	18.2	def
Bancorp Hawaii	218	18.2	18.6
RR Donnelley & Sons	219	18.2	16.8
Apogee Enterprises	220	18.2	16.6
Sovran Financial	221	18.2[b]	18.3
Midlantic	222	18.2	18.5
Fleetwood Enterprises	223	18.1	17.9
Winn-Dixie Stores	224	18.1	18.5
Thomas & Betts	225	18.1	17.6
Dow Chemical	226	18.0	37.6
Illinois Tool Works	227	18.0	20.8
Nucor	228	18.0	18.7
Newell Co	229	18.0	20.0
Sysco	230	17.9	16.4
National Service	231	17.9	16.9
Banta	232	17.9	19.8
Hechinger	233	17.9[a]	9.7
James River Corp Va	234	17.8	10.9
Barnett Banks	235	17.8	16.5
Blount	236	17.8	47.8
SouthTrust	237	17.8	16.6
Pep Boys	238	17.7	13.5
PNC Financial	239	17.7	19.0
Old Kent Financial	240	17.7	16.9
Exxon	241	17.7	12.4
Standard Register	242	17.6	13.5
First American Finl	243	17.6	6.4
Square D	244	17.6	18.6
Kimball International	245	17.6	15.8
Kimberly-Clark	246	17.6	21.9
Sherwin-Williams	247	17.5	17.9
Pioneer Hi-Bred Intl	248	17.5	17.0
UAL	249	17.5	32.0
Southdown	250	17.5	11.7
PPG Industries	251	17.4	20.5
Longview Fibre	252	17.4	21.4
Walt Disney	253	17.4	28.8
Curtice Burns Foods	254	17.4	16.9
Rohm & Haas	255	17.3	16.4
Guilford Mills	256	17.3	12.6
Alaska Air Group	257	17.3	15.0
Pentair	258	17.3	14.4
Hanover Insurance	259	17.2	14.3
Dibrell Brothers	260	17.2	23.4
Warner Commun	261	17.2	10.0
Knight-Ridder	262	17.2	28.1
Citizens & Southern	263	17.1	18.0
Signet Banking	264	17.1[b]	17.4
Cooper Tire & Rubber	265	17.1	21.0
PHM	266	17.0	24.6
Federal Paper Board	267	17.0	35.0
Bowater	268	17.0[a]	18.3
Hercules	269	17.0	6.6
Hewlett-Packard	270	17.0	18.2
Longs Drug Stores	271	16.9	18.8
Collins Foods Intl	272	16.9	13.5
Block Drug	273	16.9	14.3
Schultz Sav-O Stores	274	16.8	18.9
Banc One	275	16.8	17.0
Mapco	276	16.8	19.3
Bausch & Lomb	277	16.8	17.1

		Return on equity	
Company	rank	10-year average %	Latest 12 months %
Quantum Chemical	278	16.7	NE
PHH	279	16.7	14.7
Mercantile Stores	280	16.7	14.4
Tucson Electric	281	16.7[a]	def
Salomon	282	16.7	10.1
Tribune	283	16.7	18.7
Household Intl	284	16.6	19.9
Safeco	285	16.6	19.0
La-Z-Boy Chair	286	16.6	14.2
Potomac Electric	287	16.6	15.7
WW Grainger	288	16.6	17.6
General Re	289	16.6	22.4
SCI Systems	290	16.5	4.3
Capital Holding	291	16.5	21.4
Kaman	292	16.4	4.5
NCR	293	16.4	18.6
UtiliCorp United	294	16.4	12.9
Goodyear	295	16.3	12.2
Willamette Inds	296	16.3	24.0
Lubrizol	297	16.3	23.0
Federal Express	298	16.3	10.6
Ames Dept Stores	299	16.3	0.8
Wetterau	300	16.3	17.9
Modine Manufacturing	301	16.2	13.4
Equitable Resources	302	16.2	9.3
May Dept Stores	303	16.2	16.8
Prime Computer	304	16.1[a]	def
Litton Industries	305	16.1	15.4
Figgie Intl	306	16.1	17.3
Old Republic Intl	307	16.1	8.2
BayBanks	308	16.1	14.1
Meredith	309	16.1	8.8
Atlantic Richfield	310	16.1	31.3
NCNB	311	16.0	19.1
Bank of New England	312	16.0[a]	12.0
Ryder System	313	16.0	4.9
First of America Bank	314	16.0[a]	15.5
Colgate-Palmolive	315	15.9	30.0
TRW	316	15.9	16.4
Bergen Brunswig	317	15.9	19.3
Berkshire Hathaway	318	15.9	13.4
Rohr Industries	319	15.9	8.9
Goulds Pumps	320	15.8	13.3
Borden	321	15.8	def
Yellow Freight Sys	322	15.8	14.2
Crestar Financial	323	15.8	15.0
Marshall & Ilsley	324	15.8	16.3
Ipalco Enterprises	325	15.8	14.1
Computer Sciences	326	15.8	14.1
Peoples Energy	327	15.8	15.8
Raychem	328	15.7	5.0
Dayton Hudson	329	15.7	17.8
Phillips Petroleum	330	15.7	28.8
Alco Standard	331	15.7	28.5
Super Food Services	332	15.7	16.6
CNA Financial	333	15.7	20.4
National City	333	15.7[a]	19.8
General Host	335	15.7	def
Marshall Industries	336	15.7	16.1
Laclede Gas	337	15.7	12.7
Minnesota Power & Lt	338	15.6	18.3

		Return on equity	
Company	rank	10-year average %	Latest 12 months %
MNC Financial	339	15.6	18.3
Boeing	340	15.6	14.3
Ball Corp	341	15.6	5.6
South Carolina Natl	342	15.6	14.8
Wisconsin Energy	343	15.6	13.0
MDC Holdings	344	15.6	def
Alltel	345	15.6[a]	16.4
Avery International	346	15.6	16.6
LB Foster	347	15.6	7.5
Millipore	348	15.6	14.4
Petrie Stores	349	15.5	5.0
Centel	350	15.5	24.8
Kansas Power & Light	351	15.5	11.8
Dominion Bankshares	352	15.5[b]	16.2
Diebold	353	15.5	9.6
WPL Holdings	354	15.5	10.7
Bankers Trust NY	355	15.4	def
Central & So West	356	15.4	10.9
Northern Telecom	357	15.4	7.0
AmSouth Bancorp	358	15.4	15.4
Campbell Soup	359	15.4	1.4
SCEcorp	360	15.4	15.1
San Diego G&E	361	15.4	13.7
No States Power	362	15.4	12.8
Kellwood	363	15.3	19.4
HB Fuller	364	15.3	8.6
Baltimore G&E	365	15.3	12.9
National Medical	366	15.3	14.5
Caesars World	367	15.3	29.7
Consol Freightways	368	15.3	10.0
Calbro	369	15.2	def
Helene Curtis Inds	370	15.2	13.0
Carolina Freight	371	15.2	7.3
Chubb	372	15.2	16.9
JP Morgan & Co	373	15.2	def
Procter & Gamble	374	15.2	20.3
GenCorp	375	15.1	NE
Stanley Works	376	15.1	15.8
Cincinnati G&E	377	15.1	17.3
Amoco	378	15.1	12.5
Lomas Financial	379	15.1	def
Morrison	380	15.1	18.7
Bank of New York	381	15.1	def
Moore Corp	382	15.1	15.7
Washington Gas Light	383	15.1	12.2
Whirlpool	384	15.0	9.5
Republic New York	385	15.0	def
Dexter	386	15.0	14.1
KeyCorp	387	15.0	14.9
Tandem Computers	388	15.0	13.1
Scott Paper	389	15.0	19.0
Carlisle Cos	390	15.0	11.0
McCormick & Co	391	14.9	45.4
Wisconsin Public Svc	392	14.9	12.4
K mart	393	14.9	14.6
Bindley Western Inds	394	14.9[a]	8.1
Reynolds & Reynolds	395	14.9	23.8
Florida Progress	396	14.9	14.6
Cincinnati Bell	397	14.9	16.8
Digital Equipment	398	14.9	12.6
Iowa-Illinois G&E	399	14.9	13.1

NA: Not available. NE: Negative equity. def: Deficit. a: Nine-year average. b: Eight-year average.

Company	rank	Return on equity 10-year average %	Return on equity Latest 12 months %
Merrill Lynch	400	14.9	12.1
Analog Devices	401	14.8	11.4
Texas Utilities	402	14.8	12.1
Universal Foods	403	14.8	22.3
Allegheny Power	404	14.8	13.1
Lowe's Cos	405	14.8	13.0
Gerber Products	406	14.7	28.3
Meridian Bancorp	407	14.7[b]	13.9
Roadway Services	408	14.7	14.5
Commonwealth Ener	409	14.7	12.6
TECO Energy	410	14.7	15.8
Armstrong World Inds	411	14.7	16.0
Witco	412	14.7	13.8
Seaway Food Town	413	14.7	25.9
Ohio Casualty	414	14.6	19.2
Gt Northern Nekoosa	415	14.6	22.9
Becton Dickinson	416	14.5	22.2
First Tennessee Natl	417	14.5	8.0
Delchamps	418	14.5[b]	13.9
Southwest Airlines	419	14.5	14.3
Eaton	420	14.5	18.9
Maxxam	421	14.4	58.3
American General	422	14.4	11.1
Strawbridge	423	14.4	12.5
Huntington Bcshs	424	14.4	16.6
Security Pacific	425	14.4	19.4
Kemper	426	14.3	20.7
Union Electric	427	14.3	12.7
Rochester Telephone	428	14.3	15.1
Paccar	429	14.3	21.3
Scana	430	14.3	13.6
Eastman Kodak	431	14.3	13.3
Amdahl	432	14.3	16.8
Piedmont Natural Gas	433	14.3	14.8
Contel	434	14.3	16.0
Ogden	435	14.2	17.5
Fay's	436	14.2	19.6
Western Digital	437	14.2	6.5
Carter-Wallace	438	14.2	16.1
Fleming Cos	439	14.2	12.1
Brooklyn Union Gas	440	14.2	13.2
Society	441	14.2	15.4
Union Camp	442	14.2	20.3
Uslico	443	14.2	10.7
Seaboard	444	14.1	15.5
Northeast Utilities	445	14.1	12.3
Dixie Yarns	446	14.1	7.5
USAir Group	447	14.1	2.7
INB Financial	448	14.1	14.9
Village Super Market	449	14.1	10.7
JC Penney	450	14.0	19.3
Consolidated Edison	451	14.0	13.3
Delmarva Power & Lt	452	14.0	12.5
American Natl Ins	453	14.0	6.6
Southern Company	454	14.0	13.3
Oklahoma G&E	455	14.0	13.8
Bank of Boston	456	13.9	7.1
Coastal Corp	457	13.9	13.6
Tecumseh Products	458	13.9	13.3
Duke Power	459	13.8	12.2
Orange & Rockland	460	13.8	12.0
Houston Industries	461	13.8	9.4
Commonwealth Ed	462	13.8	9.2
Parker Hannifin	463	13.8	11.4
Dollar General	464	13.8	10.0
SPX	465	13.8	19.2
Southwest Gas	466	13.7	11.3
Illinois Power	467	13.7	def
So N England Telecom	468	13.7	16.3
FPL Group	469	13.7	13.1
Rose's Stores	470	13.7	4.0
Johnson Controls	471	13.6	10.9
Wackenhut	472	13.6	17.7
Wells Fargo	473	13.6	25.4
Bemis	474	13.6	18.0
Consol Natural Gas	475	13.6	9.5
Ruddick	476	13.6	14.0
American Greetings	477	13.6	8.5
Carl Karcher	478	13.6	28.8
Pope & Talbot	479	13.5	26.1
US Bancorp	480	13.5	15.6
Geo A Hormel	481	13.5	16.7
Tonka	482	13.5	13.6
Mead	483	13.5	14.1
Atlantic Energy	484	13.5	13.6
Marsh Supermarkets	485	13.5	15.5
Nash Finch	486	13.4	8.1
Esselte Business Sys	487	13.4[a]	12.2
Echlin	488	13.4	7.0
Crown Cork & Seal	489	13.4	14.7
El Paso Electric	490	13.4	def
Provident Life & Acc	491	13.4	12.8
WR Berkley	492	13.3	18.6
Comerica	493	13.3	12.1
Enron	494	13.3	7.4
NBD Bancorp	495	13.2	16.7
NCH	496	13.2	19.7
DWG	497	13.2	def
Air Prods & Chems	498	13.2	17.4
General Motors	499	13.2	14.6
Dennison Mfg	500	13.2	13.2
Foremost Corp of Amer	501	13.1	11.0
Kentucky Utilities	502	13.1	13.5
Westvaco	503	13.1	16.9
Fremont General	504	13.1	4.5
CILcorp	505	13.1	14.4
Louisville G&E	506	13.0	12.9
Intel	507	13.0	16.4
Intl Multifoods	508	13.0	9.8
United Telecom	509	13.0	34.2
Public Service Colo	510	13.0	16.7
Dominion Resources	511	13.0	11.7
Dana	512	13.0	16.1
Paramount Commun	513	12.9	16.2
Pub Svc Enterprise	514	12.9	13.4
Ohio Edison	515	12.9	8.7
American Cyanamid	516	12.9	15.9
McKesson	517	12.9	13.1
New England Electric	518	12.9	10.9
Baxter International	519	12.9	11.0
Archer Daniels	520	12.9	15.6
Midwest Energy	521	12.9	18.1
Durr-Fillauer	522	12.9	18.7
Central Ill Pub Svc	523	12.9	13.6
Transamerica	524	12.8	11.9
GTE	525	12.8	15.9
Trinova	526	12.8	5.4
DPL	527	12.8	15.2
American Electric	528	12.8	14.5
National Fuel Gas	529	12.8	12.3
Anacomp	530	12.8	9.5
Salem Carpet Mills	531	12.8	12.7
MCI Communications	532	12.8[a]	56.2
Wendy's Intl	533	12.8	6.0
NY State E&G	534	12.7	12.4
Valmont Industries	535	12.7	23.4
Service Corp Intl	536	12.7	9.7
Harcourt Brace	537	12.7	NE
Owens & Minor	538	12.7	5.7
EI du Pont de Nemours	539	12.7	16.4
Independent Insurance	540	12.6	10.8
Iowa Resources	541	12.6	11.9
Seagram	542	12.6	13.3
Delta Air Lines	543	12.6	20.1
Jamesway	544	12.6	3.8
Federal-Mogul	545	12.6	11.0
Pennsylvania P&L	546	12.6	13.3
Lincoln Electric	547	12.6	15.7
United Technologies	548	12.6	13.7
McDonnell Douglas	549	12.6	3.9
Florida Natl Banks	550	12.6	def
Arkla	551	12.6	def
Carolina Power & Lt	552	12.5	14.2
Kansas City P&L	553	12.5	10.7
Chevron	554	12.5	8.8
Corning	555	12.5	14.8
Textron	556	12.4	10.9
St Paul Cos	557	12.4	16.8
Briggs & Stratton	558	12.4	def
Engelhard	559	12.4	11.5
Philadelphia Elec	560	12.4	12.7
Rochester G&E	561	12.3	9.9
Northrop	562	12.3	def
Commerce Bcshs	563	12.3	14.9
Central Steel & Wire	564	12.3	15.4
Cooper Industries	565	12.3	14.1
Holiday	566	12.3	NE
Chesapeake	567	12.3	18.7
FW Woolworth	568	12.2	16.1
Rykoff-Sexton	569	12.2[a]	10.2
Motorola	570	12.2	14.5
Wicor	571	12.1	13.8
Ashland Oil	572	12.1	8.1
Zurn Industries	573	12.1	12.8
Toro	574	12.1	18.2
HF Ahmanson	575	12.1	10.3
Lancaster Colony	576	12.1	16.7
Standex International	577	12.0	15.2
PaineWebber Group	578	11.9	2.5
Mobil	579	11.9	11.6
Centex	580	11.9	13.3
Std Commercial	581	11.9	def
Pacific Enterprises	582	11.9	10.7

NA: Not available. NE: Negative equity. def: Deficit. a: Nine-year average. b: Eight-year average.

WHO'S WHERE IN PROFITABILITY

		Return on equity	
Company	rank	10-year average %	Latest 12 months %
CalMat	583	11.9[b]	12.3
Hartmarx	584	11.9	7.8
Jefferson-Pilot	585	11.8	9.6
Service Merchandise	586	11.8	20.4
Winnebago Industries	587	11.8	def
Manufacturers Natl	588	11.8	18.2
Gt Western Financial	589	11.8	11.9
Interlake	590	11.8	4.8
Universal Health	591	11.8	5.2
IE Industries	592	11.8	11.9
AMR	593	11.7	15.9
BMA	594	11.7	14.7
Natl Convenience	595	11.7	def
DQE	596	11.7	10.8
Ferro	597	11.7	15.8
Alberto-Culver	598	11.7	21.8
Comstar Intl	599	11.7	21.7
Aetna Life & Cas	600	11.7	10.8
Grumman	601	11.6	9.2
US Shoe	602	11.6	9.8
Central Hudson G&E	603	11.6[a]	10.9
Puget Sound P&L	603	11.6	13.4
Southeast Banking	605	11.5	16.6
Brown Group	606	11.5	3.0
MCA	607	11.5	11.6
Kroger	608	11.5	NE
Atlanta Gas Light	609	11.5	10.0
Portland General	610	11.5	9.2
Firstar	611	11.5	16.9
Georgia-Pacific	612	11.4	24.9
Montana Power	613	11.4	9.7
Potlatch	614	11.4	10.3
American Bankers	615	11.4	9.9
Citicorp	616	11.4	20.5
Wang Laboratories	617	11.4	def
Long Island Lighting	618	11.3	def
United Illuminating	618	11.3	def
Media General	620	11.3	def
Airborne Freight	621	11.3	10.6
USF&G	622	11.3	2.7
American Water Works	623	11.3	9.3
Harsco	624	11.3	def
Pinnacle West	625	11.3	def
Monarch Capital	626	11.3	4.3
Bassett Furniture Ind	627	11.3	7.2
Lincoln National	628	11.2	11.1
Hawaiian Electric	629	11.2	12.0
Questar	630	11.2	10.2
Edison Bros Stores	631	11.2[b]	23.0
Niagara Mohawk Pwr	632	11.2	3.7
Hughes Supply	633	11.2	9.7
Barnes Group	634	11.1	12.4
Arvin Industries	635	11.1	1.7
Sears, Roebuck	636	11.1	7.6
AM Castle & Co	637	11.1	14.2
Intermark	638	11.0	def
Unocal	639	11.0	19.7
Nashua	640	10.9	9.6
Norfolk Southern	641	10.9	12.6
General Public Utils	642	10.8	13.9
Dart Group	643	10.8	7.5
Entergy	644	10.8	def
Gulf States Utils	645	10.7	def
General Development	646	10.7[b]	1.8
Union Bank	647	10.7	18.1
Centerior Energy	648	10.7[b]	def
Greyhound	649	10.7	10.3
Commercial Metals	650	10.6	16.6
Healthco Intl	651	10.6	6.2
Perkin-Elmer	652	10.6	def
Turner Corp	653	10.6	1.8
Central Maine Power	654	10.6	9.5
Trustcorp	655	10.5	def
Pacific G&E	656	10.5	3.3
American Building	657	10.5	13.3
PS Group	658	10.5	2.6
Riggs National	659	10.5	12.7
Michigan National	660	10.5	29.1
Chase Manhattan	661	10.4	def
Chemical Banking	662	10.4	def
USLife	663	10.4	8.6
Monsanto	664	10.3	17.0
Kansas Gas & Elec	665	10.3	9.2
Harris Corp	666	10.3	2.8
Schlumberger	667	10.3	15.2
Valley National	668	10.2	def
Mitchell Energy	669	10.2	2.7
Bell Industries	670	10.1	4.9
Outboard Marine	671	10.0	12.1
ITT	672	10.0	10.5
Alcan Aluminium	673	10.0	22.4
CityFed Financial	674	9.9	def
Xerox	675	9.9	7.1
Cabot	676	9.9	2.4
Equitable of Iowa	677	9.9	9.4
Weyerhaeuser	678	9.9	15.7
International Paper	679	9.8	18.8
Allied-Signal	680	9.8	15.7
Public Service NH	681	9.7	0.5
Thermo Electron	682	9.7	12.4
Diversified Energies	683	9.7	8.9
Avnet	684	9.7	8.1
Texas Industries	685	9.6	def
Oneok	686	9.6	11.4
Mercantile Bancorp	687	9.6	def
Oxford Industries	688	9.6	9.8
Detroit Edison	689	9.6	def
Nortek	690	9.5	def
FMC	691	9.5	NE
Boise Cascade	692	9.5	17.3
Ameritrust	693	9.5	15.8
Unisys	694	9.5	def
Scientific-Atlanta	695	9.4	15.5
Occidental Petroleum	696	9.4	3.5
Liberty Corp	697	9.4	5.6
Union Pacific	698	9.4	14.2
DeSoto	699	9.3	def
Foster Wheeler	700	9.2	7.0
United Brands	701	9.2	18.6
Kennametal	702	9.2	15.6
American Petrofina	703	9.1	15.0
Alcoa	704	9.1	21.8
Charter	705	9.1	4.4
Norwest	706	9.0	19.6
Interco	707	9.0	NE
General Signal	708	8.9	15.3
SPS Technologies	709	8.9	11.5
Continental Corp	710	8.9	def
Springs Industries	711	8.9	12.6
Mfrs Hanover	712	8.8	def
Genesco	713	8.8	24.6
Multimedia	714	8.7	NE
Coachmen Industries	715	8.7	def
Champion Intl	716	8.6	13.5
Trinity Industries	717	8.6	19.6
Tektronix	718	8.4	1.7
Northern Trust	719	8.4	23.8
Volt Info Sciences	720	8.4	3.5
Tele-Communications	721	8.3	def
Sundstrand	722	8.3	13.4
Lone Star Industries	723	8.3	4.4
Ingersoll-Rand	724	8.2	15.1
First Security	725	8.2	10.6
Bearings	726	8.2	14.5
Tenneco	727	8.2	28.2
Landmark Land	728	8.1	def
Foodarama Supermkts	729	8.0	3.6
Reynolds Metals	730	8.0	25.3
United Banks of Colo	731	7.9	3.2
Skyline	732	7.9	10.5
Carpenter Technology	733	7.8	9.7
UGI	734	7.7	13.8
Quaker State	735	7.6	4.8
Grow Group	736	7.6	14.8
Lukens	737	7.5	20.3
Wyman-Gordon	738	7.4	def
Nicor	739	7.3	18.2
First Chicago	740	7.2	17.1
Olin	741	7.2	16.6
Noland	742	7.2	3.7
Eastern Enterprises	743	7.1	12.3
Great A&P Tea	744	7.1	14.5
Columbia Gas System	745	7.1	8.1
Beverly Enterprises	746	7.1	def
GATX	747	7.0	20.9
Lafarge	748	7.0[a]	14.4
CSX	749	7.0	12.9
Handy & Harman	750	6.9	8.4
KN Energy	751	6.9	def
Public Service NM	752	6.9	def
Newmont Mining	753	6.8	NE
Stewart & Stevenson	754	6.8	26.7
M/A-Com	755	6.8	0.1
Varian Associates	756	6.7	7.4
Penn Central	757	6.7	9.6
Sonat	758	6.6	9.0
WR Grace	759	6.6	15.9
AVX Corp	760	6.5	6.4
Phelps Dodge	761	6.5	35.0
Bally Manufacturing	762	6.4	4.7
Jacobs Engineering	763	6.3	24.0
Nipsco Industries	764	6.3	11.9
Preston	765	6.3	3.7

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WHO'S WHERE IN PROFITABILITY

Company	rank	Return on equity	
		10-year average %	Latest 12 months %
Adolph Coors	766	6.2	3.3
First Interstate Bncp	767	6.1	14.0
Owens-Corning	768	6.1	NE
CRS	769	6.0	21.2
Beneficial Corp	770	6.0	13.8
Crown Central Pet	771	6.0	13.3
Wyle Laboratories	772	5.9	6.6
Comcast	773	5.9	def
General Instrument	774	5.8	15.8
Butler Manufacturing	775	5.8	10.3
Guy F Atkinson	776	5.7[b]	def
Inco	777	5.7	93.4
Norton	778	5.6	16.0
Teradyne	779	5.5	1.0
American Maize	780	5.5	2.9
Fieldcrest Cannon	781	5.4	7.7
Polaroid	782	5.4	6.5
Black & Decker	783	5.4	11.3
First Bank System	784	5.4	def
Santa Fe Pacific	785	5.4[a]	34.9
Caterpillar	786	5.3	13.5
Di Giorgio	787	5.2	11.2
Transco Energy	788	5.2	def
Hadson	789	5.1[b]	def
AO Smith	790	5.1	4.9
Intl Minerals & Chem	791	5.1	10.9
Tosco	792	5.1	8.2
Quanex	793	4.9	22.8
Earle M Jorgensen	794	4.8	10.4
Murphy Oil	795	4.8	6.7
Perini	796	4.8	1.4
Kerr-McGee	797	4.7	10.7
Imperial Corp of Am	798	4.6	def
Asarco	799	4.4	18.4
Williams Cos	800	4.4	2.5
Amerada Hess	801	4.4	21.4
Louisiana Land	802	4.4	7.5
Washington National	803	4.4	def
Kansas City Southern	804	4.3	def
Dresser Industries	805	4.2	10.5
Halliburton	806	4.1	4.6
Dallas Corp	807	4.1	1.9
Thorn Apple Valley	808	4.0	8.7
Balfour Maclaine	809	3.7	6.3
CMS Energy	810	3.6	18.7
Valero Energy	811	3.5	8.3
Texaco	812	3.1	28.3
Orion Capital	813	3.1	17.6
AMC Entertainment	814	2.8	21.4
Cummins Engine	815	2.7	def
Copperweld	816	2.6	17.5
Deere & Co	817	2.6	14.5
Data General	818	2.5	def
Great American Mgmt	819	2.5[a]	0.3
Zenith Electronics	820	2.5	def
BF Goodrich	821	2.4	15.0
Honeywell	822	2.4	def
Alexander's	823	2.1	23.1
Allied Products	824	2.1	def
AMAX	825	2.0	34.3
Timken	826	2.0	9.1
Premier Bancorp	827	1.8[a]	def
Soo Line	828	1.8	0.5
Talley Industries	829	1.6	19.0
Inland Steel Inds	830	1.4	11.3
Natl Semiconductor	831	1.4	def
Cross & Trecker	832	1.2	def
Combustion Eng	833	0.8	def
Avon Products	834	0.7	33.3
Fluor	835	0.4	17.0
Ramada	836	0.4	def
Cincinnati Milacron	837	0.3	8.9
Allen Group	838	0.3	16.6
National-Standard	839	def	def
UNC	840	def	11.7
USX	841	def	16.4
Morrison Knudsen	842	def	def
Enserch	843	def	7.1
Panhandle Eastern	844	def	def
TIE/Communications	845	def	def
Mack Trucks	846	def	def
First Pennsylvania	847	def	18.2
Perry Drug Stores	848	def	0.9
BankAmerica	849	def	23.1
Mellon Bank	850	def	14.8
Midway Airlines	851	def[b]	6.2
Orion Pictures	852	def	8.6
Harnischfeger Inds	853	def	10.1
Pittston	854	def	6.6
MA Hanna	855	def	19.6
Foxboro	856	def	7.5
Clark Equipment	857	def	12.1
Kerr Glass Mfg	858	def	def
Westmoreland Coal	859	def	9.7
Fischbach	860	def	def
Control Data	861	def	def
Horn & Hardart	862	def[a]	def
Ampco-Pittsburgh	863	def	def
Arrow Electronics	864	def[a]	def
Bethlehem Steel	865	def	14.9
US Home	866	def	def
McDermott Intl	867	def	def
HH Robertson	868	def	def
National Intergroup	869	def[a]	5.3
Harken Energy	870	def	0.8
Armco	871	def	20.5
Tesoro Petroleum	872	def	def
Datapoint	873	def	def
Lionel	874	def	1.6
Continental Bank	875	def	23.2
Amdura	876	def	8.0
Inspiration Resources	877	def[a]	6.8
Mattel	878	def	51.6
Dravo	879	def	def
United Merchants	880	def	def
Smith International	881	def	def
Wheeling-Pittsburgh	882	def	NE
Grossman's	883	def	16.5
Navistar Intl	884	def	18.1
Todd Shipyards	885	def	NE
Eagle-Picher Inds	886	def	NE
Savin	887	def	def
Ideal Basic Inds	888	def	def
LVI Group	889	def	def
Texas Air	890	def	NE
LTV	891	def[a]	NE
Allegheny Intl	892	def	NE
Varity	893	def	18.6
Storage Technology	894	def	12.4
Western Union	895	def	NE
Pan Am	896	def	NE
AH Robins	897	def	NE
Acme Steel		NA	13.9
Adia Services		NA	14.4
Advanced Micro		NA	def
ADVO-System		NA	11.1
Affiliated Pubs		NA	62.6
Albany International		NA	23.0
Alexander & Alexander		NA	16.1
Alleghany		NA	9.8
Allegheny Ludlum		NA	57.2
AM International		NA	12.5
AmBase		NA	8.8
America West Airlines		NA	21.7
American Capital		NA	def
American Express		NA	23.1
American President		NA	4.0
American Tel & Tel		NA	def
AmeriFirst Bank		NA	def
Ameritech		NA	15.5
Ametek		NA	19.7
Anchor Savings Bank		NA	def
Argonaut Group		NA	18.8
Aristech Chemical		NA	25.0
AST Research		NA	def
Atari		NA	def
Atlantic Financial		NA	def
Avondale Industries		NA	2.1
Baker Hughes		NA	8.1
Baroid		NA	3.7
Bear Stearns Cos		NA	17.9
Beckman Instruments		NA	18.4
Bell Atlantic		NA	14.9
BellSouth		NA	13.6
Benj Franklin S&L		NA	5.8
Boatmen's Bancshares		NA	8.1
Boston Edison		NA	9.6
Bristol-Myers Squibb		NA	28.0
Broad		NA	2.8
Burlington Northern		NA	20.7
Burlington Resources		NA	15.0
Businessland		NA	17.0
Cablevision Systems		NA	NE
CalFed		NA	5.5
Carnival Cruise Lines		NA	28.4
Carter Hawley Hale		NA	NE
Casey's General Store		NA	9.1
Castle & Cooke		NA	11.9
CBI Industries		NA	4.4
Central Newspapers		NA	14.2
CenTrust Savings Bank		NA	def
Child World		NA	4.5
Cigna		NA	9.5

NA: Not available. NE: Negative equity. def: Deficit. a: Nine-year average. b: Eight-year average.

WHO'S WHERE IN PROFITABILITY

Company	rank	Return on equity 10-year average %	Return on equity Latest 12 months %
Circus Circus		NA	50.0
Coast Savings Finl		NA	def
Coca-Cola Enterprises		NA	6.7
Commercial Federal		NA	3.7
Commtron		NA	17.0
Commun Trans		NA	def
Compaq Computer		NA	38.7
Computer Associates		NA	37.7
Conseco		NA	57.7
Consolidated Rail		NA	7.6
Costco Wholesale		NA	22.5
Crane		NA	15.5
CrossLand Savings FSB		NA	def
Crystal Brands		NA	11.9
Cyclops Industries		NA	115.9
Cyprus Minerals		NA	26.4
Dairy Mart		NA	3.9
Danaher		NA	28.0
Delta Woodside Inds		NA	26.0
Diamond Shamrock		NA	22.1
Dime Sav Bank FSB		NA	2.3
Drug Emporium		NA	19.0
Empire of America		NA	def
Ethyl		NA	25.1
Federal Natl Mortgage		NA	30.1
FHP International		NA	34.9
Fin Cp Santa Barbara		NA	def
Finevest Foods		NA	def
Fireman's Fund		NA	8.3
First American Corp		NA	4.0
First Capital Holding		NA	26.9
First Executive		NA	2.3
First Fidelity Bncp		NA	def
First Wachovia		NA	16.7
FirstFed Michigan		NA	1.3
Fleet/Norstar Finl		NA	18.5
Florida Federal		NA	def
Fruit of the Loom		NA	34.8
Gaylord Container		NA	26.8
General Mills		NA	45.0
GM Hughes Electron		NA	3.2
Genlyte Group		NA	32.9
Georgia Gulf		NA	74.7
Gibson Greetings		NA	20.4
Gitano Group		NA	29.2
GlenFed		NA	9.4
Goldome		NA	def
Great American Bank		NA	def
Harley-Davidson		NA	26.2
Harman International		NA	19.9
Henley Group		NA	0.0
Hills Dept Stores		NA	def
Himont		NA	18.6
Home Depot		NA	24.2
Home Shopping		NA	def
HomeFed		NA	11.8
Hudson Foods		NA	26.9
IBP		NA	9.1
ICH		NA	def
IMC Fertilizer Group		NA	23.5
Imo Industries		NA	10.7
Imperial Holly		NA	29.8
Ingles Markets		NA	12.7
InterTAN		NA	21.9
Itel		NA	1.5
JWP		NA	23.2
K-H Corp		NA	NE
Kaufman & Broad		NA	25.7
Kentucky Central Life		NA	0.0
Lands' End		NA	30.9
Leslie Fay Cos		NA	21.0
Lone Star Tech		NA	def
Lotus Development		NA	20.3
Louisiana-Pacific		NA	14.7
LPL Technologies		NA	81.8
Lyondell Petrochem		NA	0.0
Magma Copper		NA	18.8
MagneTek		NA	34.5
MAI Basic Four		NA	def
Manville		NA	18.6
Masco Industries		NA	16.2
Maxus Energy		NA	def
Maytag		NA	24.1
MCN		NA	18.6
Medco Containment		NA	5.9
Meritor Savings Bank		NA	def
Fred Meyer		NA	11.8
MGM/UA Commun		NA	def
Microamerica		NA	10.1
Micron Technology		NA	32.5
Microsoft		NA	37.6
MLX		NA	1.1
MMR Holding		NA	def
Morgan Products Ltd		NA	0.5
Morgan Stanley		NA	27.0
Morton International		NA	10.6
Neiman Marcus Group		NA	1.1
NL Industries		NA	125.5
Northeast Savings FA		NA	def
NWNL		NA	0.0
Nynex		NA	12.6
Omnicom Group		NA	21.4
Oracle Systems		NA	44.2
Oryx Energy		NA	7.8
PACE Membership		NA	9.0
Pacific Telesis		NA	14.6
PacifiCare Health		NA	24.6
PacifiCorp		NA	14.4
Pathe Commun		NA	def
Penn Traffic		NA	def
Pennzoil		NA	17.0
People's Bank		NA	0.0
Petroleum Heat & Pwr		NA	def
Pilgrim's Pride		NA	29.8
Premark Intl		NA	11.7
Primerica		NA	17.2
Reebok International		NA	21.1
Reliance Group		NA	def
Rexene		NA	0.0
Richfood Holding		NA	def
Ross Stores		NA	27.0
Charles Schwab		NA	7.7
EW Scripps		NA	12.9
Seagate Technology		NA	17.1
Shawmut National		NA	15.8
Shearson Lehman		NA	4.4
Smith's Food & Drug		NA	19.2
Softsel Computer Prod		NA	24.8
Southwestern Bell		NA	13.0
Spiegel		NA	18.9
Sprague Technologies		NA	def
SSMC		NA	def
Standard Fedl Bank		NA	11.9
Standard Shares		NA	8.4
Sterling Chemicals		NA	162.3
Sudbury		NA	def
Sun Co		NA	10.4
Sun Microsystems		NA	8.8
SunTrust Banks		NA	17.6
Talman Home Federal		NA	6.8
TCF Financial		NA	7.1
Telecom-USA		NA	19.9
Teledyne		NA	13.8
Temple-Inland		NA	19.1
Texas Instruments		NA	16.1
TGI Friday's		NA	11.2
Thiokol		NA	7.0
Time Warner		NA	1.9
TJX Cos		NA	11.8
Travelers		NA	12.0
Tredegar Industries		NA	0.0
Turner Broadcasting		NA	NE
TW Services		NA	6.0
UJB Financial		NA	15.9
Union Texas Petrol		NA	72.1
United HealthCare		NA	61.9
US Healthcare		NA	13.7
Univar		NA	17.4
UNUM		NA	12.1
US West		NA	13.3
Valhi		NA	41.0
Viacom		NA	34.5
Vista Chemical		NA	92.4
Vons Cos		NA	def
VWR		NA	11.6
Waban		NA	0.0
Washington Mutual		NA	8.4
Weirton Steel		NA	5.1
Western Publishing		NA	12.9
Wheelabrator Tech		NA	0.0
Whitman		NA	21.4
Wholesale Club		NA	13.9
Wyse Technology		NA	def

NA: Not available. NE: Negative equity. def: Deficit. a: Nine-year average. b: Eight-year average.

WHO'S WHERE IN THE INDUSTRY GROUPS

Health and food and beverage firms were the stars of the 1980s.

By Steve Kichen

American industry did not solve all its problems during the 1980s, but it finished the decade in pretty good shape. The median company in this survey had an average return on equity slightly over 14% for both the full ten-year period and the most recent five-year period. And there was not much change over the latest 12 months: The median company's return on equity was 14.4%.

The health industry had the highest ten-year profitability, 18.7%. It also had the second-best 12-month return, 18.4%. (The forest products and packaging industry, at 18.8%, had the best 12-month results.) What lies ahead in the 1990s? An aging population as well as new medical discoveries would seem to augur well for the health industry once again.

The materials industry, which had a median ten-year average return on equity of only 7.7%, ranks last. The industry was pulled down by steel and nonferrous metals companies, which had respective ten-year profitabilities of 4.8% and 6.9%.

	Profitability						**Growth**							
	Return on equity						**Sales**				**Earnings per share**			
Industry (number of companies)	**rank**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**Return on capital latest 12 mos %**	**Debt/ capital %**	**rank**	**10-year average %**	**5-year average %**	**latest 12 mos %**	**rank**	**10-year average %**	**5-year average %**	**latest 12 mos %**
Health (39)	1	**18.7**	**17.8**	**18.4**	**14.7**	**20.6**	7	**12.5**	**12.7**	**8.8**	5	**10.2**	**11.0**	**15.2**
Drugs (19)		20.1	20.7	19.3	16.1	7.3		10.1	11.4	8.6		10.5	11.0	18.2
Health care services (9)		15.3	14.8	14.5	13.1	48.2		34.0	14.1	16.9		NM	NM	83.0
Medical supplies (11)		14.5	16.5	17.1	14.7	23.7		10.9	13.0	8.8		10.2	15.6	3.1
Food, drink & tobacco (63)	2	**18.4**	**17.5**	**17.8**	**12.8**	**32.3**	10	**9.6**	**10.6**	**10.6**	3	**11.4**	**12.7**	**12.3**
Food processors (35)		20.0	20.3	20.3	14.0	28.0		9.1	9.2	10.3		10.6	14.0	14.8
Food distributors (13)		15.7	13.4	12.1	9.3	45.5		14.9	13.1	11.9		11.5	10.6	10.9
Beverages (7)		20.5	20.2	24.4	13.9	27.3		9.2	10.9	5.5		12.7	16.1	12.2
Tobacco (8)		19.3	19.2	23.2	13.0	29.3		11.2	13.6	12.9		14.5	10.8	5.1
Entertainment & information (43)	3	**17.3**	**17.8**	**15.2**	**12.8**	**31.6**	6	**12.7**	**12.7**	**6.8**	4	**10.7**	**8.0**	**12.2**
Broadcasting & cable (8)		8.7	2.2	def	9.6	81.3		34.4	36.8	14.3		7.7	NM	P-D
Movies (10)		12.9	18.4	13.9	11.0	42.5		11.0	17.0	15.7		5.2	19.8	25.4
Publishing (22)		18.2	20.9	18.2	13.3	26.2		12.4	10.0	5.1		11.8	10.4	11.0
Advertising (3)		19.7	13.7	20.8	17.8	22.2		12.9	14.7	9.2		10.2	3.8	17.1
Business services & supplies (41)	4	**16.7**	**17.1**	**16.6**	**12.0**	**27.3**	2	**13.8**	**14.6**	**8.6**	6	**10.0**	**12.2**	**15.2**
Business services (8)		16.7	17.5	16.2	13.0	29.6		16.3	15.3	8.4		7.1	2.1	17.3
Business supplies (22)		15.7	16.4	15.7	11.4	23.8		11.9	12.4	7.8		9.8	10.1	6.8
Industrial services (11)		21.2	23.4	20.8	12.5	38.5		16.8	17.9	18.5		11.8	20.4	18.4
Retailing (111)	5	**16.7**	**16.5**	**14.4**	**11.3**	**35.2**	4	**13.3**	**13.0**	**11.3**	1	**12.8**	**11.1**	**12.7**
Department Stores (11)		14.4	15.3	14.4	10.4	40.1		9.5	7.3	6.1		13.3	10.6	37.6
Apparel (13)		17.7	16.2	19.2	12.2	28.3		14.1	12.6	12.7		10.9	9.6	22.6
Drug & discount (22)		16.0	16.1	14.2	11.7	35.4		15.0	14.6	11.7		11.5	9.0	5.1
Specialty (31)		17.7	16.8	13.5	11.0	31.7		14.8	18.5	12.5		13.2	11.5	10.3
Supermarkets (26)		17.4	17.2	14.2	9.3	41.7		10.8	10.7	12.2		12.8	17.3	9.5
Restaurant chains (8)		16.9	15.0	14.6	13.7	17.6		14.5	11.5	8.6		13.6	8.5	13.4
Aerospace & defense (33)	6	**15.7**	**13.9**	**13.4**	**10.0**	**33.0**	11	**8.9**	**9.8**	**4.9**	10	**6.8**	**7.2**	**1.1**
Consumer nondurables (44)	7	**15.2**	**16.7**	**17.1**	**14.1**	**34.6**	9	**10.1**	**10.8**	**8.4**	2	**11.7**	**12.6**	**15.6**
Personal products (17)		15.6	18.3	20.3	15.4	22.2		9.9	10.4	8.6		10.8	12.6	15.6
Apparel & shoes (12)		20.3	18.9	21.0	14.3	33.8		11.5	7.8	18.2		15.3	16.8	17.0
Textiles (9)		13.0	14.6	12.6	9.9	45.7		10.7	19.2	5.6		9.2	12.1	–2.5
Photography & toys (6)		13.9	14.0	12.6	9.6	40.1		5.6	9.8	5.1		NM	NM	79.8

D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NM: Not meaningful. For further explanation, see page 120.

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	Profitability						Growth							
	Return on equity						Sales				Earnings per share			
Industry (number of companies)	rank	10-year average %	5-year average %	latest 12 mos %	Return on capital latest 12 mos %	Debt/ capital %	rank	10-year average %	5-year average %	latest 12 mos %	rank	10-year average %	5-year average %	latest 12 mos %
Chemicals (45)	**8**	**15.0**	**16.5**	**17.4**	**15.7**	**26.9**	**17**	**5.1**	**7.3**	**8.6**	**11**	**5.9**	**13.1**	**14.3**
Diversified (15)		16.7	16.5	16.6	13.9	25.8		3.7	4.7	6.5		7.0	14.9	14.3
Specialized (30)		14.8	16.5	18.5	15.9	27.5		5.7	9.1	10.0		0.6	10.5	11.5
Insurance (67)	**9**	**14.4**	**14.7**	**12.0**	**11.0**	**17.3**	**3**	**13.7**	**14.1**	**8.4**	**9**	**7.1**	**9.6**	**9.0**
Diversified (24)		15.9	14.6	12.0	11.1	15.3		14.7	14.9	8.4		6.5	9.6	6.1
Life & health (19)		11.8	11.4	8.6	7.7	25.1		12.8	12.3	9.6		7.1	–11.1	32.7
Property & casualty (24)		14.9	15.9	13.9	12.0	20.7		10.9	15.0	7.0		8.9	17.7	–1.6
Financial services (131)	**10**	**14.3**	**13.7**	**13.9**	**9.1**	**31.5**	**1**	**14.3**	**12.5**	**16.9**	**7**	**8.6**	**8.5**	**7.1**
Multinational banks (10)		10.4	8.4	def	3.0	49.9		8.7	5.5	18.1		8.7	12.9	–30.7
Regional banks (66)		14.5	14.7	15.9	13.5	22.9		13.6	13.2	18.2		8.7	8.8	13.3
Thrift institutions (34)		15.2	12.9	def	3.8	51.3		18.7	12.1	8.9		5.5	NM	P-D
Brokerage & commodity (10)		13.4	12.3	11.1	8.6	36.8		10.0	14.9	23.4		NM	6.0	58.9
Lease & finance (11)		15.9	18.6	19.9	7.6	80.6		14.7	9.7	18.3		9.6	5.7	12.4
Computers & communications (89)	**11**	**14.2**	**14.3**	**13.6**	**9.2**	**23.8**	**8**	**12.1**	**11.5**	**8.8**	**12**	**4.2**	**–4.1**	**–1.0**
Hardware (61)		12.6	12.1	9.6	7.9	17.9		13.0	12.3	8.8		–3.6	–15.1	–9.1
Software (6)		20.7	33.9	25.2	16.3	18.7		28.0	49.9	24.3		25.4	45.4	15.0
Telecommunications (20)		14.0	13.9	15.3	8.6	34.9		9.8	7.3	6.0		3.9	3.7	7.9
Consumer durables (58)	**12**	**13.8**	**14.2**	**15.0**	**11.6**	**33.4**	**12**	**8.4**	**10.3**	**7.1**	**16**	**–10.4**	**5.8**	**0.2**
Automobiles & trucks (9)		18.7	14.8	14.6	10.5	41.9		8.3	12.6	6.1		NM	NM	–17.3
Automotive parts (24)		13.7	14.9	16.4	11.6	29.2		8.5	9.7	5.6		6.0	10.4	8.0
Appliances (10)		8.7	13.0	10.4	12.4	44.9		7.0	10.2	17.4		NM	NM	–9.5
Home furnishings (8)		17.6	17.7	15.0	14.2	24.7		14.2	16.1	10.0		14.2	12.4	11.5
Recreation equipment (7)		12.1	10.9	def	def	19.9		9.8	8.1	–7.1		NM	–24.2	P-D
Forest products & packaging (31)	**13**	**13.6**	**15.2**	**18.8**	**12.5**	**30.1**	**15**	**7.4**	**11.5**	**10.0**	**8**	**7.2**	**27.0**	**12.8**
Paper & lumber (20)		13.9	15.5	18.5	12.1	31.9		7.5	11.9	10.3		5.3	32.1	12.6
Packaging (11)		13.6	15.0	19.1	12.9	27.1		6.7	9.1	5.2		8.8	20.7	13.1
Electric utilities (80)	**14**	**13.0**	**13.3**	**12.4**	**7.1**	**41.1**	**14**	**7.5**	**2.6**	**3.5**	**13**	**3.5**	**–6.3**	**–2.5**
Northeast (24)		12.7	13.0	12.3	7.0	44.5		7.4	1.9	5.1		3.4	–7.6	–1.2
North central (26)		13.0	13.0	12.5	7.0	41.1		6.3	0.9	1.7		2.8	–10.1	–9.8
Southeast (10)		13.7	14.0	13.4	7.4	36.8		10.1	5.9	3.3		5.5	4.7	2.5
South central (8)		13.9	14.0	10.1	6.4	41.9		8.3	1.4	3.3		4.5	–11.8	–24.4
Western (12)		11.5	12.3	10.9	7.2	42.3		9.4	5.9	10.0		1.3	–8.5	–4.1
Travel (17)	**15**	**12.5**	**11.3**	**14.4**	**9.3**	**48.5**	**5**	**13.2**	**12.0**	**9.1**	**20**	**NM**	**NM**	**–17.0**
Airlines (10)		12.6	10.5	14.6	8.6	42.9		20.3	18.7	16.6		NM	NM	8.1
Hotels & gaming (7)		12.3	17.4	14.4	14.6	58.3		10.4	7.9	6.7		7.5	12.6	–17.0
Transport (21)	**16**	**11.3**	**9.9**	**10.6**	**7.0**	**37.2**	**13**	**8.0**	**11.0**	**5.3**	**14**	**–5.6**	**–14.1**	**5.2**
Railroads (8)		6.2	5.5	12.7	7.5	38.2		6.4	2.5	1.0		NM	NM	6.4
Trucking & shipping (9)		15.3	11.6	7.3	5.7	35.7		12.6	12.3	12.0		7.9	–2.3	4.2
Air freight (4)		13.8	9.5	10.6	6.9	48.4		12.2	15.3	14.3		NM	NM	40.2
Energy (81)	**17**	**10.2**	**9.2**	**10.7**	**8.0**	**36.5**	**20**	**–3.5**	**–7.1**	**5.3**	**18**	**–15.9**	**NM**	**3.8**
International oils (7)		12.5	11.3	12.4	8.9	24.1		NM	–6.2	6.6		NM	5.1	–19.8
Other oil & gas (29)		6.8	7.7	10.4	8.1	39.6		NM	–9.2	7.6		NM	NM	18.5
Oilfield services (7)		4.2	0.5	8.1	8.0	13.0		–6.1	–7.7	0.2		–14.5	NM	42.2
Gas pipeliners (8)		6.6	2.4	5.0	5.4	46.5		NM	–12.9	3.1		NM	NM	4.3
Gas distributors (16)		13.7	13.5	13.1	8.4	36.8		7.9	–4.2	4.6		4.7	1.5	0.4
Integrated gas (10)		11.5	9.0	9.4	6.4	34.2		3.1	–6.6	6.3		–10.9	NM	19.3
Coal & other (4)		def	0.8	13.8	10.0	22.7		5.7	4.8	29.8		NM	NM	D-P
Capital goods (53)	**18**	**9.2**	**10.9**	**14.1**	**11.0**	**29.2**	**19**	**4.2**	**8.6**	**10.1**	**15**	**–8.4**	**3.9**	**10.8**
Electrical equipment (13)		17.9	17.1	18.6	12.5	35.4		8.5	10.0	6.3		8.7	9.9	10.2
Heavy equipment (40)		8.2	9.2	13.3	11.0	28.6		2.8	8.3	11.0		–14.5	NM	15.7
Construction (23)	**19**	**7.9**	**5.0**	**4.4**	**7.1**	**41.0**	**16**	**6.8**	**10.4**	**5.9**	**19**	**–21.0**	**NM**	**–32.9**
Commercial builders (16)		5.8	3.0	3.1	6.8	34.9		5.2	8.9	4.8		–18.5	NM	–40.0
Residential builders (7)		13.1	9.6	10.5	7.4	70.5		14.5	13.4	7.0		NM	–11.9	2.2
Materials (60)	**20**	**7.7**	**8.9**	**14.6**	**11.4**	**30.4**	**18**	**4.3**	**7.9**	**8.1**	**18**	**–16.7**	**NM**	**4.9**
Steel (23)		4.8	5.5	14.9	12.6	25.0		1.6	7.3	8.1		–14.2	NM	16.3
Nonferrous metals (14)		6.9	10.7	22.1	16.3	23.8		NM	8.0	20.2		NM	NM	40.2
Cement & gypsum (7)		11.9	14.1	11.7	9.3	34.1		9.1	8.6	11.0		4.8	13.8	–4.8
Other materials (16)		10.3	10.8	6.7	7.7	33.4		7.1	11.6	5.5		4.1	NM	–21.5
All-industry medians		**14.3**	**14.3**	**14.4**	**11.1**	**32.0**		**9.3**	**10.9**	**8.5**		**6.4**	**7.6**	**8.0**

D-P: Deficit to profit. P-D: Profit to deficit. def: Deficit. NM: Not meaningful. For further explanation, see page 120.

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WHO'S WHERE IN THIS ISSUE

In the following summary, each corporation is ranked three ways—by average return on equity, by earnings growth and by stock market performance—over a ten-year period. The last column shows where the company can be found in the industry survey.

	RANK			
Company	Profitability	Growth	Stock market	Page
Abbott Laboratories	34	98	171	180
Acme Steel	**	**	**	188
Adia Services	**	**	**	124
Advanced Micro	**	**	758	134
ADVO-System	**	**	**	160
Aetna Life & Cas	600	NM	670	184
Affiliated Pubs	**	**	**	160
HF Ahmanson	575	431	492	164
Air Express Intl	148	262	650	200
Air Prods & Chems	498	364	547	130
Airborne Freight	621	NM	734	200
Alaska Air Group	257	457	271	204
Albany International	**	**	**	176
Alberto-Culver	598	213	29	148
Albertson's	133	153	57	192
Alcan Aluminium	673	NM	614	188
Alco Standard	331	498	318	124
Alexander & Alexander	**	**	800	184
Alexander & Baldwin	182	83	120	200
Alexander's	823	NM	102	192
Allegheny	**	**	**	184
Allegheny Intl	892	NM	888	142
Allegheny Ludlum	**	**	**	188
Allegheny Power	404	389	503	152
Allen Group	838	610	806	142
Allied Products	824	NM	845	126
Allied-Signal	680	NM	787	122, 142
Alltel	345	415	267	134
Alcoa	704	NM	528	188
ALZA	**	**	**	180
AM International	**	**	865	124
AMAX	825	NM	848	188
AmBase	**	**	**	184
AMC Entertainment	814	NM	**	160
Amdahl	432	150	684	134
Amdura	876	NM	866	142
Amerada Hess	801	574	659	156
America West Airlines	**	**	**	204
American Bankers	615	504	720	184
American Brands	174	417	328	172
American Building	687	NM	501	124
American Capital	**	**	**	164
American Cyanamid	516	451	448	130
American Electric	528	539	687	152
American Express	**	**	289	164
American Family	149	105	82	184
American General	422	493	472	184

	RANK			
Company	Profitability	Growth	Stock market	Page
American Greetings	477	435	217	160
American Home Prods	14	272	356	180
American Intl Group	187	136	156	184
American Maize	780	502	703	172
American Natl Ins	453	379	603	184
American Petrofina	703	NM	667	156
American President	**	**	**	200
American Stores	180	183	166	192
American Tel & Tel	**	**	**	134
American Water Works	623	175	220	152
AmeriFirst Bank	**	**	**	164
Ameritech	**	**	**	134
Ameritrust	693	440	384	164
Ames Dept Stores	299	148	99	192
Ametek	**	**	593	126
Amgen	**	**	**	180
Amoco	378	NM	548	156
AMP	145	326	430	134
Ampco-Pittsburgh	863	NM	838	126
AMR	593	NM	146	204
AmSouth Bancorp	358	342	469	164
Anacomp	530	NM	859	124
Analog Devices	401	113	515	134
Anchor Savings Bank	**	**	**	164
Anheuser-Busch Cos	124	92	74	172
Aon	206	378	331	184
Apogee Enterprises	220	217	209	140
Apple Computer	10	13	508	134
Applied BioScience	**	**	**	180
Applied Biosystems	**	**	**	180
Archer Daniels	520	258	380	172
Arden Group	130	27	27	192
Argonaut Group	**	**	**	184
Aristech Chemical	**	**	**	130
Arkla	551	560	653	156
Armco	871	NM	862	188
Armstrong World Inds	411	152	259	188
Arrow Electronics	864	NM	872	134
Arvin Industries	635	256	543	142
Asarco	799	NM	817	188
Ashland Oil	572	NM	665	156
AST Research	**	**	**	134
Atari	**	**	**	134
Guy F Atkinson	776	621	**	140
Atlanta Gas Light	609	483	360	156
Atlantic Energy	484	481	508	152
Atlantic Financial	**	**	**	164

Profitability: 10-year return on equity. **Growth:** 10-year annual earnings-per-share growth. **Stock market:** 10-year price change. **NM:** Not meaningful. **Not ranked.

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Company	Profitability	Growth	Stock market	Page
Atlantic Richfield	310	NM	530	156
Automatic Data	194	130	229	134
Avery International	346	282	158	124
Avnet	684	568	537	134
Avon Products	834	NM	839	148
Avondale Industries	**	**	**	200
AVX	760	470	706	126
Baker Hughes	**	**	**	156
Balfour Maclaine	809	NM	836	164
Ball Corp	341	354	237	176
Bally Manufacturing	762	NM	857	204
Baltimore G&E	365	337	461	152
Banc One	275	252	161	164
Bancorp Hawaii	218	286	248	164
Bandag	21	93	107	142
Bank of Boston	456	195	411	164
Bank of New England	312	259	521	164
Bank of New York	381	347	372	164
BankAmerica	849	567	789	164
Bankers Trust NY	355	164	281	164
Banta	232	176	111	160
CR Bard	143	60	81	180
Barnes Group	634	NM	670	142
Barnett Banks	235	134	195	164
Baroid	**	**	**	156
Bassett Furniture Ind	627	NM	534	142
Bausch & Lomb	277	291	413	180
Baxter International	519	NM	636	180
BayBanks	308	220	284	164
Bear Stearns Cos	**	**	**	164
Bearings	726	573	617	126
Beckman Instruments	**	**	**	180
Becton Dickinson	416	312	399	180
Bell Atlantic	**	**	**	134
Bell Industries	670	NM	707	134
BellSouth	**	**	**	134
Bemis	474	288	79	176
Beneficial Corp	770	545	652	164
Benj Franklin S&L	**	**	**	164
Bergen Brunswig	317	166	112	180
WR Berkley	492	149	163	184
Berkshire Hathaway	318	24	14	184
Best Buy Co	26	NM	**	192
Bethlehem Steel	865	NM	829	188
Betz Laboratories	108	349	479	130
Beverly Enterprises	746	NM	742	180
Bindley Western Inds	394	358	**	180
Biotech Research Labs	**	**	**	180
Black & Decker	783	581	812	142
Blair	49	132	294	192
H&R Block	74	279	223	164
Block Drug	273	239	129	148
Blount	236	NM	674	140
BMA	594	437	542	184
Boatmen's Bancshares	**	**	426	164
Bob Evans Farms	170	166	396	192
Boeing	340	526	367	122
Boise Cascade	692	NM	618	176
Borden	321	264	114	172
Boston Edison	**	**	642	152
Bowater	268	NM	**	176
Briggs & Stratton	558	656	794	142
Bristol-Myers Squibb	**	**	191	180
Broad	**	**	**	184
Brooklyn Union Gas	440	518	823	156
Brown-Forman	183	210	206	172

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Company	Profitability	Growth	Stock market	Page
Brown Group	606	566	375	192
Browning-Ferris Inds	88	65	31	124
Bruno's	68	39	67	192
Brunswick	76	31	108	142
Burlington Coat	73	28	**	192
Burlington Northern	**	**	**	200
Burlington Resources	**	**	**	156
Businessland	**	**	**	192
Butler Manufacturing	775	607	826	140
Cablevision Systems	**	**	**	160
Cabot	676	NM	594	130
Caesars World	367	151	693	204
CalFed	**	218	**	164
Calgene	**	**	**	180
CalMat	583	277	581	188
Cambridge BioScience	**	**	**	180
Campbell Soup	359	353	157	172
Capital Cities/ABC	216	114	62	160
Capital Holding	291	198	268	184
Cardinal Distribution	75	18	**	180
Carl Karcher	478	287	234	192
Carlisle Cos	390	NM	476	134
Carnival Cruise Lines	**	**	**	204
Carolina Freight	371	371	238	200
Carolina Power & Lt	552	NM	561	152
Carpenter Technology	733	611	705	188
Carter Hawley Hale	**	**	**	192
Carter-Wallace	438	57	34	148
Casey's General Store	**	**	**	192
AM Castle & Co	637	463	410	188
Castle & Cooke	**	**	**	172
Caterpillar	786	597	795	126
CBI Industries	**	**	832	140
CBS	12	117	358	160
CDI	64	55	16	124
Centel	350	502	236	134
Centerior Energy	648	NM	**	152
Centex	580	356	**	140
Centocor	**	**	**	180
Central & So West	356	444	511	152
Central Hudson G&E	603	NM	765	152
Central Ill Pub Svc	523	538	631	152
Central Maine Power	654	548	723	152
Central Newspapers	**	**	**	160
Central Steel & Wire	564	NM	486	188
CenTrust Savings Bank	**	**	**	164
Cetus	**	**	**	180
Champion Intl	716	NM	749	176
Charming Shoppes	45	63	142	192
Charter	705	NM	880	156
Chase Manhattan	661	289	654	164
Chemed	62	433	600	180
Chemical Banking	662	238	634	164
Chesapeake	567	385	580	176
Chevron	554	NM	584	156
Child World	**	**	**	192
Chiron	**	**	**	180
Chrysler	69	NM	154	142
Chubb	372	324	228	184
Cigna	**	**	**	184
CILcorp	506	580	735	152
Cincinnati Bell	397	383	132	184
Cincinnati Financial	209	158	153	184
Cincinnati G&E	377	531	664	152
Cincinnati Milacron	837	596	838	126
Circle K	198	238	771	192

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Company	Profitability	Growth	Stock market	Page
Circuit City Stores	32	9	1	192
Circus Circus	**	37	**	204
Citicorp	616	304	529	164
Citizens & Southern	263	84	256	164
CityFed Financial	674	NM	878	164
Clark Equipment	857	612	811	126
Clorox	163	196	106	148
CMS Energy	810	NM	669	152
CNA Financial	333	251	188	184
Coachmen Industries	715	NM	519	142
Coast Savings Finl	**	**	**	164
Coastal Corp	457	510	445	156
Coca-Cola	56	273	167	172
Coca-Cola Enterprises	**	**	**	172
Colgate-Palmolive	315	NM	304	148
Collaborative Research	**	**	**	180
Collagen	**	**	**	180
Collins Foods Intl	272	187	84	192
Columbia Gas System	745	586	766	156
Columbia S&L Assn	47	NM	590	164
Combustion Eng	833	NM	746	126
Comcast	773	NM	35	160
Comdisco	59	67	68	124
Comerica	493	388	403	164
Commerce Bcshs	563	346	261	164
Commerce Clearing	5	185	374	160
Commercial Federal	**	**	**	164
Commercial Metals	650	516	427	164
Commonwealth Ed	462	511	640	152
Commonwealth Energy	409	461	504	152
Commtron	**	**	**	160
Communications Trans	**	**	**	134
Compaq Computer	**	**	**	134
Computer Associates	**	**	48	134
Computer Sciences	326	355	473	134
ConAgra	111	124	42	172
Conseco	**	**	**	184
Consolidated Edison	451	330	303	152
Consol Freightways	368	475	418	200
Consol Natural Gas	475	459	305	156
Consolidated Papers	162	267	204	176
Consolidated Rail	**	NM	**	200
Consolidated Stores	18	3	**	192
Constar Intl	599	541	297	176
Contel	434	NM	363	134
Continental Bank	875	622	**	164
Continental Corp	710	NM	755	184
Control Data	861	617	843	134
Cooper Industries	565	NM	596	126
Cooper Tire & Rubber	265	142	19	142
Adolph Coors	766	550	711	172
Copperweld	816	NM	**	188
CoreStates Financial	207	172	189	164
Corning	555	485	474	180
Corroon & Black	17	203	452	184
Costco Wholesale	**	**	**	192
CPC International	142	430	286	172
Crane	**	**	**	126
Cray Research	43	7	323	134
Crestar Financial	323	300	279	164
Cross & Trecker	852	NM	867	126
CrossLand Savings FSB	**	**	**	164
Crown Central Pet	771	NM	624	156
Crown Cork & Seal	489	335	244	176
CRS	769	NM	185	124
Crystal Brands	**	**	**	148

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Company	Profitability	Growth	Stock market	Page
CSX	749	NM	613	200
Culbro	369	NM	86	172
Cummins Engine	815	NM	698	142
Curtice Burns Foods	254	311	227	172
Cyclops Industries	**	**	**	188
Cyprus Minerals	**	**	**	156, 188
Dairy Mart	**	22	**	192
Dallas Corp	807	615	728	188
Damon Biotech	**	**	**	180
Dana	512	NM	632	142
Danaher	**	NM	141	142
Dart Group	643	19	66	192
Data General	818	NM	855	134
Datapoint	873	NM	**	134
Dayton Hudson	329	479	178	192
Dean Foods	99	115	53	172
Deere & Co	817	605	726	126
Delchamps	418	449	**	192
Delmarva Power & Lt	452	478	566	152
Delta Air Lines	543	NM	395	204
Delta Woodside Inds	**	**	**	148
Deluxe	27	94	123	124
Dennison Mfg	500	NM	629	124
DeSoto	699	NM	344	130
Detroit Edison	689	NM	626	152
Dexter	386	497	533	130
Di Giorgio	787	NM	568	172
Diagnostic Products	**	**	**	180
Diamond Shamrock R&M	**	**	**	156
Dibrell Brothers	260	71	52	172
Diebold	353	307	512	124
Digital Equipment	398	133	532	134
Dillard Dept Stores	191	25	8	192
Dime Savings Bank FSB	**	**	**	164
Walt Disney	253	188	61	160
Diversified Energies	683	NM	435	156
Dixie Yarns	446	99	219	148
Dollar General	464	NM	183	192
Dominion Bankshares	352	372	467	164
Dominion Resources	511	438	462	152
RR Donnelley & Sons	219	156	159	160
Dover	172	320	336	126
Dow Chemical	226	329	466	130
Dow Jones	38	101	225	160
DPL	527	NM	624	152
DQE	596	543	699	152
Dravo	879	NM	833	188
Dresser Industries	805	601	708	156
Drug Emporium	**	**	**	192
EI du Pont de Nemours	539	521	414	130, 156
Duke Power	459	487	443	152
Dun & Bradstreet	29	122	329	160
Durr-Fillauer	522	243	95	180
DWG	497	253	103	148
E-Systems	202	120	316	122
Eagle-Picher Inds	886	NM	854	126
Eastern Enterprises	743	NM	731	156
Eastman Kodak	431	NM	628	148
Eaton	420	445	421	142
Echlin	488	306	671	142
Ecolab	137	290	569	124
Edison Bros Stores	631	NM	**	192
AG Edwards	165	365	106	164
EG&G	54	208	453	134
El Paso Electric	490	580	808	152
Emerson Electric	178	366	431	126

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Company	RANK Profitability	Growth	Stock market	Page
Emerson Radio	204	NM	251	142
Empire of America	**	**	**	164
Engelhard	559	NM	736	188
Enron	494	NM	682	156
Enserch	843	NM	781	156
Enstar Group	217	34	757	164
Entergy	644	551	692	152
Enzo Biochem	**	**	**	180
Equifax	77	234	63	164
Equitable of Iowa	677	489	517	192
Equitable Resources	302	426	243	156
Esselte Business Sys	487	42	**	124
Ethyl	**	**	140	130
Exxon	241	434	405	156
Family Dollar Stores	67	97	232	192
Fay's	436	270	170	192
Federal Express	298	61	314	200
Federal-Mogul	545	NM	549	142
Federal Natl Mortgage	**	**	127	164
Federal Paper Board	267	178	420	176
Ferro	597	NM	308	130
FHP International	**	**	**	180
Fieldcrest Cannon	781	591	722	148
Figgie Intl	306	232	121	124
Finl Cp Santa Barbara	**	NM	883	164
Finevest Foods	**	**	**	172
Fireman's Fund	**	**	**	184
First American Corp	**	446	392	164
First American Finl	243	340	564	184
First Bank System	784	NM	690	164
First Capital Holding	**	**	**	184
First Chicago	740	382	513	164
First Executive	**	**	115	184
First Fidelity Bncp	**	**	480	164
First Financial Mgmt	101	14	**	134
First Interstate Bncp	767	NM	675	164
First of America Bank	314	214	292	164
First Pennsylvania	847	NM	655	164
First Security	725	588	691	164
First Tennessee Natl	417	359	387	164
First Union	139	180	274	164
First Wachovia	**	157	241	164
Firstar	611	231	242	164
FirstFed Michigan	**	**	**	164
Fischbach	860	NM	858	140
Fleet/Norstar Finl	**	**	186	164
Fleetwood Enterprises	223	NM	249	142
Fleming Cos	439	427	398	172
Florida Federal	**	**	**	164
Florida Natl Banks	550	265	202	164
Florida Progress	396	391	494	152
Florida Rock Inds	169	201	**	188
Flowers Industries	167	193	94	172
Fluor	835	616	776	140
FMC	691	119	122	130
Food Lion	30	32	26	192
Foodarama Supermarkets	729	NM	177	192
Ford Motor	87	NM	174	142
Foremost Corp of Amer	501	530	400	184
LB Foster	347	583	868	126
Foster Wheeler	700	585	735	126
Foxboro	856	618	818	126
FPL Group	469	469	490	152
Freeport-McMoRan	136	NM	768	130
Fremont General	504	NM	727	184
Fruit of the Loom	**	**	**	148

Company	RANK Profitability	Growth	Stock market	Page
HB Fuller	364	263	353	130
Fuqua Industries	79	58	210	148
Gamma Biologicals	**	**	**	180
Gannett	110	247	350	160
Gap	55	33	7	192
GATX	747	557	697	164
Gaylord Container	**	**	**	176
Geico	19	79	56	184
GenCorp	375	126	592	122
Genentech	**	**	**	180
General Cinema	50	78	83	192
General Development	646	594	**	140
General Dynamics	91	110	696	122
General Electric	203	341	291	122, 126
General Host	335	NM	595	192
General Instrument	774	NM	556	134
General Mills	**	**	330	172
General Motors	499	NM	686	142
General Motors EDS	7	16	**	134
GM Hughes Electronics	**	**	**	122
General Public Utils	642	95	246	152
General Re	289	261	124	184
General Signal	708	593	763	126
Genesco	713	334	626	192
Genetics Institute	**	**	**	180
Genlyte Group	**	**	**	126
Genuine Parts	173	331	377	142
Genzyme	**	**	**	180
Georgia Gulf	**	**	**	130
Georgia-Pacific	612	NM	676	176
Gerber Products	406	NM	93	172
Getty Petroleum	119	59	113	156
Giant Food	85	76	25	192
Gibson Greetings	**	**	**	148
Gillette	52	NM	145	148
Gitano Group	**	**	**	148
PH Glatfelter	115	116	92	176
GlenFed	**	**	**	164
Golden West Finl	51	74	126	164
Goldome	**	**	**	164
BF Goodrich	821	NM	585	130
Goodyear	295	368	378	142
Goulds Pumps	320	NM	721	126
WR Grace	759	553	724	130
WW Grainger	288	321	429	126
Great American Bank	**	**	**	164
Great American Mgmt	819	NM	138	130
Great A&P Tea	744	NM	60	192
Great Lakes Chemical	166	89	296	130
Gt Northern Nekoosa	415	376	211	176
Gt Western Financial	589	462	589	164
Greyhound	649	NM	601	148
Grossman's	863	NM	**	192
Grow Group	736	NM	527	188
Grumman	601	197	700	122
GTE	525	523	382	134
Guilford Mills	256	507	368	148
Gulf States Utils	645	570	790	152
Hadson	789	399	841	156
Halliburton	806	620	814	156
Hana Biologics	**	**	**	180
Handleman	104	137	65	160
Handy & Harman	750	596	816	188
MA Hanna	855	NM	804	130
Hannaford Bros	181	106	13	192
Hanover Insurance	259	227	216	184

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Company	Profitability	Growth	Stock market	Page
Harcourt Brace	537	NM	**	160
Harken Energy	870	NM	860	156
Harley-Davidson	**	**	**	142
Harman International	**	**	**	142
Harnischfeger Inds	853	NM	737	126
Harris Corp	666	559	786	134
Harsco	624	NM	464	188
Hartford Steam Boiler	81	66	55	184
Hartmarx	584	392	335	192
Hasbro	80	8	2	148
Hawaiian Electric	629	477	434	152
Healthco Intl	651	NM	**	180
Hechinger	233	54	221	192
HJ Heinz	84	158	78	172
Helene Curtis Inds	370	62	23	148
Henley Group	**	**	**	180
Hercules	269	418	616	130
Hershey Foods	157	181	101	172
Hewlett-Packard	270	146	487	134
Highland Superstores	8	85	**	192
Hillenbrand Inds	190	205	97	180
Hills Dept Stores	**	**	**	192
Hilton Hotels	212	476	168	204
Himont	**	**	**	130
Holiday	566	301	324	204
Holly Corp	22	118	150	156
Home Depot	**	NM	11	192
Home Shopping	**	**	**	192
HomeFed	**	202	**	164
Homestead Financial	114	NM	792	164
HON Industries	116	333	313	124
Honeywell	822	NM	639	122
Geo A Hormel	481	369	133	172
Horn & Hardart	862	NM	799	192
Household Intl	284	345	439	164
Houston Industries	461	533	673	152
Hubbell	213	275	226	126
Hudson Foods	**	**	**	172
Hughes Supply	633	517	544	188
Humana	70	86	192	180
Huntington Bcshs	424	395	254	164
IBP	**	**	**	172
ICH	**	**	306	184
ICN Biomedicals	**	**	**	180
Ideal Basic Inds	888	NM	882	188
IE Industries	592	NM	615	152
IGI	**	**	**	180
Illinois Power	467	NM	813	152
Illinois Tool Works	227	269	155	126
IMC Fertilizer Group	**	**	**	130
Immucor	**	**	**	180
Immunex	**	**	**	180
Immunomedics	**	**	**	180
Imo Industries	**	**	**	126
Imperial Corp of Am	798	NM	876	164
Imperial Holly	**	**	**	172
INB Financial	448	298	173	164
Inco	777	NM	756	188
Independent Insurance	540	NM	552	184
Ingersoll-Rand	724	NM	604	126
Ingles Markets	**	**	**	192
Inland Steel Inds	830	NM	791	188
Inspiration Resources	877	NM	**	192
Intel	507	81	490	134
Interco	707	561	**	142
Intergraph	61	11	531	134

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Company	Profitability	Growth	Stock market	Page
Interlake	590	236	764	126
Intermark	638	NM	321	192
IBM	160	414	717	134
Intl Flavors & Frags	161	419	394	130
Intl Minerals & Chem	791	606	760	130
Intl Multifoods	508	540	573	172
International Paper	679	NM	502	176
Interpublic Group	175	292	196	160
InterTAN	**	**	**	192
Iowa-Illinois G&E	399	490	526	152
Iowa Resources	541	NM	660	152
Ipalco Enterprises	325	381	518	152
Itel	**	**	**	134
ITT	672	NM	576	184
Jacobs Engineering	763	578	468	140
James River Corp Va	234	161	266	176
Jamesway	544	425	488	192
Jefferson-Pilot	585	401	437	184
Johnson & Johnson	134	319	310	148
Johnson Controls	471	467	658	142
Earle M Jorgensen	794	604	645	188
Jostens	23	169	182	192
JWP	**	NM	41	124
K-H Corp	**	**	**	142
K mart	393	339	606	192
Kaman	292	162	554	122
Kansas City P&L	553	460	559	152
Kansas City Southern	804	NM	425	200
Kansas Gas & Elec	665	NM	712	152
Kansas Power & Light	351	424	482	156
Kaufman & Broad Home	**	**	**	140
Kay Jewelers	123	NM	**	192
Kellogg	6	160	135	172
Kellwood	363	179	119	148
Kelly Services	44	100	70	124
Kemper	426	466	262	184
Kennametal	702	558	753	126
Kentucky Central Life	**	**	459	184
Kentucky Utilities	502	413	578	152
Kerr Glass Mfg	858	NM	780	176
Kerr-McGee	797	564	739	156
KeyCorp	387	317	275	164
Kimball International	245	295	212	142
Kimberly-Clark	246	394	147	148
KN Energy	751	NM	**	156
Knight-Ridder	262	327	332	160
Kroger	608	598	**	192
La-Z-Boy Chair	286	143	164	142
Laclede Gas	337	352	409	156
Lafarge	748	NM	**	188
Lancaster Colony	576	NM	339	142
Lance	131	281	317	172
Landmark Land	728	70	371	164
Lands' End	**	**	**	192
Leggett & Platt	186	135	100	142
Leslie Fay Cos	**	**	**	148
Leucadia National	151	6	50	184
Liberty Corp	697	494	648	184
Life Technologies	**	**	**	180
Eli Lilly	86	293	298	180
Limited	4	4	3	192
Lincoln Electric	547	NM	719	126
Lincoln National	628	527	489	184
Lionel	874	575	788	192
Litton Industries	306	NM	687	122
Liz Claiborne	1	2	21	148

Profitability: 10-year return on equity. **Growth:** 10-year annual earnings-per-share growth. **Stock market:** 10-year price change. **NM:** Not meaningful.
**Not ranked.

WHERE TO FIND THE COMPANY

	RANK			
Company	Profitability	Growth	Stock market	Page
Lockheed	33	21	376	122
Loctite	205	407	497	130
Loews	71	69	36	172
Lomas Financial	379	NM	879	164
Lone Star Industries	723	584	828	188
Lone Star Tech	**	NM	**	188
Long Island Lighting	618	NM	751	152
Longs Drug Stores	271	360	438	192
Longview Fibre	252	163	602	176
Loral	201	131	506	122
Lotus Development	**	**	**	134
Louisiana Land	802	NM	**	156
Louisiana-Pacific	**	**	583	176
Louisville G&E	506	468	591	152
Lowe's Cos	405	233	327	192
LPL Technologies	**	**	**	134
LTV	891	NM	877	188
Lubrizol	297	NM	752	130
Lukens	737	274	334	188
LVI Group	889	NM	835	140
Lyondell Petrochem	**	**	**	130
M/A-Com	755	NM	850	134
Mack Trucks	846	NM	**	142
Magma Copper	**	**	**	188
MagneTek	**	**	**	126
MAI Basic Four	**	**	**	134
Manor Care	102	**	69	180
Manufacturers Hanover	712	398	759	164
Manufacturers Natl	588	NM	293	164
Manville	**	**	885	188
Mapco	276	NM	647	156
Marion Laboratories	35	17	5	180
Mark IV Industries	42	15	4	134
Marriott	83	73	72	172
Marsh & McLennan Cos	15	248	272	184
Marsh Supermarkets	485	432	90	192
Marshall & Ilsley	324	318	270	164
Marshall Industries	336	53	213	134
Martin Marietta	95	225	404	122
Masco	184	216	346	188
Masco Industries	**	**	**	142
Mattel	878	NM	579	148
Maxus Energy	**	**	**	156
Maxxam	421	NM	320	188
May Dept Stores	303	200	203	192
Maytag	**	**	423	142
MCA	607	NM	369	160
McCormick & Co	391	384	263	172
McDermott Intl	867	NM	827	126
McDonald's	98	140	139	192
McDonnell Douglas	549	336	649	122
McGraw-Hill	126	278	290	160
MCI Communications	532	NM	12	134
McKesson	517	NM	481	180
MCN	**	**	**	156
MDC Holdings	344	NM	842	140
Mead	483	NM	458	176
Medco Containment	**	**	**	192
Media General	620	NM	258	160
Medtronic	159	167	373	180
Mellon Bank	850	NM	779	164
Melville	82	206	160	192
Mercantile Bancorp	687	NM	540	164
Mercantile Stores	280	154	153	192
Merck	31	194	172	180
Mercury General	92	48	**	184

	RANK			
Company	Profitability	Growth	Stock market	Page
Meredith	309	285	208	160
Meridian Bancorp	407	374	**	164
Meritor Savings Bank	**	**	**	164
Merrill Lynch	400	315	496	164
Fred Meyer	**	**	**	192
MGM/UA Commun	**	**	**	160
Michigan National	660	NM	417	164
Microamerica	**	**	**	134
Micron Technology	**	**	**	134
Microsoft	**	**	**	134
Midlantic	222	297	348	164
Midway Airlines	851	NM	733	204
Midwest Energy	521	542	612	156
Herman Miller	120	112	187	124
Millipore	348	260	679	124
Minn Mining & Mfg	156	464	456	124
Minnesota Power & Lt	338	416	478	152
Mitchell Energy	669	619	738	156
MLX	**	**	**	126
MMR Holding	**	**	**	140
MNC Financial	339	254	180	164
Mobil	579	NM	619	156
Modine Manufacturing	301	250	273	142
Molecular Biosystems	**	**	**	180
Molex	63	111	205	134
Monarch Capital	626	NM	769	184
Monsanto	664	404	354	130
Montana Power	613	NM	623	152
Moore Corp	382	496	470	124
JP Morgan & Co	373	NM	370	164
Morgan Products Ltd	**	**	**	188
Morgan Stanley	**	**	**	164
Morrison	380	456	390	192
Morrison Knudsen	842	NM	545	140
Morton International	**	**	**	130
Motorola	570	NM	407	134
Multimedia	714	536	**	160
Murphy Oil	795	NM	741	156
Nacco Industries	158	90	357	126, 156
Nalco Chemical	138	465	514	130
Nash Finch	486	420	239	172
Nashua	640	NM	539	124
National City	333	280	451	164
Natl Convenience	595	NM	643	192
National Education	89	308	345	124
National Fuel Gas	529	406	364	156
National Intergroup	869	NM	852	180
National Medical	366	204	264	180
Natl Semiconductor	831	NM	820	134
National Service	231	296	201	126
National-Standard	839	602	864	188
Navistar Intl	884	NM	881	142
NBD Bancorp	495	316	269	164
NCH	496	NM	599	130
NCNB	311	294	143	164
NCR	293	373	386	134
Neiman Marcus Group	**	**	**	192
New England Electric	518	NM	535	152
NY State E&G	534	NM	688	152
New York Times	109	50	165	160
Newell Co	229	168	22	142
Newmont Mining	753	NM	688	188
Niagara Mohawk Power	632	NM	784	152
Nicor	739	562	754	156
NIKE	37	47	215	148
Nipsco Industries	764	569	747	152

Profitability: 10-year return on equity. **Growth:** 10-year annual earnings-per-share growth. **Stock market:** 10-year price change. **NM:** Not meaningful.
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	RANK			
Company	Profitability	Growth	Stock market	Page
NL Industries	**	**	**	130
Noland	742	390	311	188
Nordstrom	171	68	51	192
Norfolk Southern	641	NM	**	200
Nortek	690	503	785	188
Northeast Savings FA	**	**	**	164
Northeast Utilities	445	408	538	152
No States Power	362	375	389	152
Northern Telecom	357	NM	441	134
Northern Trust	719	343	207	164
Northrop	562	NM	740	122
Norton	778	NM	695	126
Norwest	706	NM	524	164
Nucor	228	348	299	188
NWNL	**	**	586	184
Nynex	**	**	**	134
Occidental Petroleum	696	624	782	156
Ogden	435	556	475	124
Ohio Casualty	414	NM	471	184
Ohio Edison	515	534	689	152
Oklahoma G&E	455	439	485	152
Old Kent Financial	240	229	307	164
Old Republic Intl	307	508	505	184
Olin	741	453	416	130
Olsten	105	82	45	124
Omnicom Group	**	**	**	160
Oneok	686	609	750	156
Oracle Systems	**	**	**	134
Orange & Rockland	460	492	555	152
Orion Capital	813	NM	572	184
Orion Pictures	852	NM	611	160
Oryx Energy	**	**	**	156
Oshkosh Truck	40	10	**	142
Outboard Marine	671	454	412	142
Owens & Minor	536	240	233	180
Owens-Corning	768	NM	**	188
Oxford Industries	688	NM	283	148
Paccar	429	NM	419	142
PACE Membership	**	**	**	192
Pacific Enterprises	582	NM	587	156
Pacific G&E	656	NM	663	152
Pacific Telesis	**	**	**	134
PacifiCare Health	**	**	**	180
PacifiCorp	**	**	550	152
PaineWebber Group	578	NM	428	164
Pall	65	147	288	122
Pan Am	896	NM	856	204
Panhandle Eastern	844	NM	**	156
Paramount Commun	513	471	136	160
Parker Hannifin	463	528	622	126
Pathe Communications	**	**	**	160
Penn Central	757	NM	415	134
Penn Traffic	**	**	**	192
JC Penney	450	283	252	192
Pennsylvania P&L	546	547	565	152
Pennzoil	**	**	668	156
Pentair	258	428	319	176
People's Bank	**	**	**	164
Peoples Energy	327	488	455	156
Pep Boys	238	80	40	192
PepsiCo	78	219	134	172
Perini	796	NM	**	140
Perkin-Elmer	652	520	796	134
Perry Drug Stores	848	NM	477	192
Petrie Stores	349	NM	570	192
Petroleum Heat & Pwr	**	**	**	156

	RANK			
Company	Profitability	Growth	Stock market	Page
Pfizer	152	190	379	180
Phelps Dodge	761	361	646	188
PHH	279	403	397	124
Philadelphia Elec	560	NM	702	152
Philip Morris Cos	46	104	88	172
Philips Industries	107	52	30	188
Phillips Petroleum	330	NM	732	156
Phillips-Van Heusen	153	144	190	148
PHM	266	NM	109	140
Pic'N'Save	13	45	181	192
Piedmont Natural Gas	433	423	446	156
Pilgrim's Pride	**	**	**	172
Pinnacle West	625	546	861	152
Pioneer Hi-Bred Intl	248	422	436	172
Pitney Bowes	147	182	198	124
Pittston	854	NM	839	156, 200
PNC Financial	239	230	**	164
Polaroid	782	NM	402	148
Pope & Talbot	479	NM	406	176
Portland General	610	NM	666	152
Potlatch	614	NM	605	176
Potomac Electric	287	268	349	152
PPG Industries	251	237	240	142
Precision Castparts	113	26	43	122
Premark Intl	**	**	**	142
Premier Bancorp	827	NM	819	164
Premier Industrial	118	192	218	134
Preston	765	549	773	200
Price Co	3	1	18	192
Prime Computer	304	NM	803	134
Primerica	**	**	**	164
Procter & Gamble	374	NM	385	148
Progressive	36	30	24	184
Provident Life & Acc	491	397	483	184
PS Group	658	396	644	156
PSI Holdings	16	587	837	152
Public Service Colo	510	525	638	152
Public Service NH	681	576	870	152
Public Service NM	752	NM	834	152
Pub Svc Enterprise	514	529	597	152
Puget Sound P&L	603	NM	715	152
Quaker Oats	154	173	96	172
Quaker State	735	NM	802	156
Quanex	793	599	748	188
Quantum Chemical	278	400	767	130
Questar	630	NM	541	156
Ralston Purina	20	64	137	172
Ramada	836	NM	774	204
Raychem	328	302	672	126
Raytheon	128	328	575	122
Reebok International	**	**	**	148
Reliance Group	**	**	**	184
Republic New York	385	NM	214	164
Rexene	**	**	**	130
Reynolds & Reynolds	395	411	681	134
Reynolds Metals	730	NM	432	188
Richfood Holding	**	**	**	172
Riggs National	659	472	516	164
Rite Aid	100	129	200	192
Roadway Services	408	NM	463	200
HH Robertson	860	NM	830	188
AH Robins	897	385	322	180
Rochester G&E	561	NM	713	152
Rochester Telephone	428	506	312	134
Rockwell Intl	127	141	355	122
Rohm & Haas	285	170	337	130

Profitability: 10-year return on equity. **Growth:** 10-year annual earnings-per-share growth. **Stock market:** 10-year price change. **NM:** Not meaningful. **Not ranked.

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	RANK			
Company	Profitability	Growth	Stock market	Page
Rohr Industries	319	405	465	122
Rollins	2	128	**	124
Rorer Group	117	367	383	180
Rose's Stores	470	241	199	192
Ross Stores	**	**	**	192
Rouse	106	165	359	140
Rubbermaid	125	107	76	142
Ruddick	476	377	118	192
Russell	214	222	49	148
Ryder System	313	357	433	200
Rykoff-Sexton	569	380	301	172
Ryland Group	72	43	162	140
Safeco	285	245	333	184
Safety-Kleen	58	51	64	124
St Paul Cos	557	495	448	184
Salem Carpet Mills	531	127	265	148
Salomon	282	NM	661	164
San Diego G&E	361	362	408	152
Santa Fe Pacific	785	NM	**	200
Sara Lee	164	215	85	172
Savannah Foods	150	NM	15	172
Savin	887	NM	887	124
Scana	430	482	567	152
SCEcorp	360	410	424	152
Schering-Plough	210	501	245	180
Schlumberger	667	579	797	156
A Schulman	200	102	33	130
Schultz Sav-O Stores	274	159	116	192
Charles Schwab	**	**	**	164
SCI Systems	290	23	179	134
Scientific-Atlanta	695	314	493	134
Scott Paper	389	249	230	148
EW Scripps	**	**	**	160
Seaboard	444	370	128	172
Seagate Technology	**	NM	665	134
Seagram	542	189	176	172
Sears, Roebuck	636	499	610	184, 192
Seaway Food Town	413	NM	247	192
Security Pacific	425	299	381	164
Selective Insurance	215	207	342	184
Sequa	177	NM	352	122
Service Corp Intl	536	174	59	148
Service Merchandise	586	NM	651	192
Shaw Industries	140	40	9	148
Shawmut National	**	**	391	164
Shearson Lehman	**	**	**	164
Sherwin-Williams	247	56	75	192
Shoney's	146	91	**	192
Signet Banking	264	145	224	164
Skyline	732	NM	772	140
AO Smith	790	NM	730	142
Smith International	881	NM	863	156
Smithfield Foods	90	88	194	172
Smith's Food & Drug	**	**	**	192
Snap-on Tools	122	271	587	142
Society	441	338	362	164
Softsel Computer Prod	**	**	**	134
Sonat	758	NM	704	156
Sonoco Products	189	209	91	176
Soo Line	828	592	807	200
South Carolina Natl	342	242	257	164
Southdown	230	484	553	188
Southeast Banking	606	NM	510	164
Southern Company	454	441	546	152
So N England Telecom	468	447	260	134
SouthTrust	237	211	277	164

	RANK			
Company	Profitability	Growth	Stock market	Page
Southwest Airlines	419	505	285	204
Southwest Gas	466	387	718	156
Southwestern Bell	**	**	**	134
Southwestern Pub Svc	208	450	551	152
Sovran Financial	221	191	**	164
Spiegel	**	**	**	192
Sprague Technologies	**	**	**	134
Springs Industries	711	412	365	148
SPS Technologies	709	563	633	122
SPX	465	443	557	142
Square D	244	537	577	126
SSMC	**	**	**	142
Std Commercial	581	NM	361	172
Standard Fedl Bank	**	**	**	164
Standard Products	60	NM	38	142
Standard Register	242	177	148	124
Standard Shares	**	**	343	142
Standex International	577	NM	457	160
Stanhome	112	221	87	148
Stanley Works	376	409	520	126
State Street Boston	155	41	17	164
Sterling Chemicals	**	**	**	130
Stewart & Stevenson	754	NM	295	126
Stone Container	193	38	175	176
Storage Technology	894	625	884	134
Strawbridge	423	155	98	192
Student Loan	9	5	**	164
Subaru of America	66	NM	340	142
Sudbury	**	**	**	126
Sun Company	**	**	**	156
Sun Microsystems	**	**	**	134
Sundstrand	722	NM	680	122
SunTrust Banks	**	**	**	164
Super Food Services	332	77	73	172
Super Valu Stores	121	246	309	172
Synbiotics	**	**	**	180
Synergen	**	**	**	180
Syntex	28	75	89	180
Sysco	230	125	32	172
Talley Industries	829	NM	701	122
Talman Home Federal	**	**	**	164
Tambrands	41	309	326	148
Tandem Computers	388	20	151	134
Tandy	53	139	235	192
TBC	97	109	**	142
TCF Financial	**	**	**	164
TECO Energy	410	458	442	152
Tecumseh Products	458	522	571	126
Tektronix	718	NM	846	134
Tele-Communications	721	228	39	160
Telecom-USA	**	**	**	134
Teledyne	**	**	282	122
Temple-Inland	**	**	**	176
Tenneco	727	577	710	126
Teradyne	779	NM	777	134
Tesoro Petroleum	872	NM	847	156
Texaco	812	NM	662	156
Texas Air	890	NM	761	204
Texas Industries	685	603	683	188
Texas Instruments	**	**	798	134
Texas Utilities	402	432	630	152
Textron	556	421	656	122
TGI Friday's	**	**	**	192
Thermo Electron	682	284	300	126
Thiokol	**	**	**	122
Thomas & Betts	225	455	582	134

Profitability: 10-year return on equity. Growth: 10-year annual earnings-per-share growth. Stock market: 10-year price change. NM: Not meaningful.
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	RANK			
Company	Profitability	Growth	Stock market	Page
Thorn Apple Valley	808	NM	815	172
TIE/Communications	845	NM	821	134
Time Warner	**	**	**	[illegible]
Times Mirror	96	255	338	160
Timken	826	614	783	126
TJX Cos	**	**	**	192
Todd Shipyards	885	NM	871	122
Tonka	482	NM	117	148
Torchmark	179	103	80	184
Toro	574	NM	744	142
Tosco	792	608	873	156
Toys "R" Us	93	29	20	192
Transamerica	524	NM	500	184
Transco Energy	788	NM	805	156
Travelers	**	**	609	184
Tredegar Industries	**	**	**	188
Tribune	283	171	**	160
Trinity Industries	717	NM	501	126
Trinova	526	199	460	126
Trustcorp	655	NM	620	164
TRW	316	519	536	122
Tucson Electric	281	123	**	152
Turner Broadcasting	**	NM	54	160
Turner Corp	653	NM	625	140
TW Services	**	**	**	172
20th Century Inds	39	46	46	184
Tyco Laboratories	129	363	44	188
Tyson Foods	48	35	10	172
UAL	249	NM	104	204
UGI	734	552	743	156
UJB Financial	**	**	253	164
UNC	840	NM	869	122
Union Bank	647	NM	677	164
Union Camp	442	513	509	176
Union Carbide	185	NM	694	130
Union Electric	427	NM	562	152
Union Pacific	698	512	621	200
Union Texas Petrol	**	**	**	156
Unisys	694	350	853	134
United Banks of Colo	731	589	729	164
United Brands	701	313	287	172
United HealthCare	**	**	**	180
United Illuminating	618	NM	709	152
United Merchants	880	NM	851	148
US Bancorp	480	473	414	164
US Healthcare	**	**	**	180
US Home	866	623	875	140
US Shoe	602	565	169	192
United Stationers	195	87	491	124
United Technologies	548	524	522	122
United Telecom	509	NM	341	134
Univar	**	**	**	130
Universal	199	266	347	172
Universal Foods	483	429	197	172
Universal Health	591	NM	825	180
Unocal	639	572	560	156
UNUM	**	**	**	184
Upjohn	196	351	280	180
US West	**	**	**	134
USAir Group	447	515	255	204
USF&G	622	NM	714	184
USG	183	276	**	188
Uslico	443	NM	454	184
USLife	663	544	657	184
UST Inc	25	96	77	172
USX	841	NM	636	156, 188

	RANK			
Company	Profitability	Growth	Stock market	Page
UtiliCorp United	294	124	315	156
Valero Energy	811	590	770	156
Valhi	**	**	**	156
Valley National	668	535	844	164
Valmont Industries	535	323	110	188
Valspar	144	72	37	130
Varian Associates	756	480	725	134
Varity	893	NM	874	126
VF	57	49	58	148
Viacom	**	**	**	160
Village Super Market	449	108	131	192
Vista Chemical	**	**	**	130
Volt Info Sciences	720	NM	801	124
Vons Cos	**	**	**	192
Vulcan Materials	197	332	231	188
VWR	**	**	**	124
Waban	**	**	**	192
Wackenhut	472	514	302	124
Wal-Mart Stores	11	12	6	192
Walgreen	135	121	71	192
Wallace Computer Svs	211	184	125	124
Wang Laboratories	617	NM	840	134
Warner Commun	261	474	149	160
Warner-Lambert	168	322	222	180
Washington Gas Light	383	402	507	156
Washington Mutual	**	**	**	164
Washington National	803	NM	716	184
Washington Post	24	44	47	160
Waste Management	94	36	28	124
Weirton Steel	**	**	**	188
Weis Markets	192	212	184	192
Wells Fargo	473	NM	193	164
Wendy's Intl	533	509	641	192
Western Digital	437	NM	574	134
Western Publishing	**	**	**	160
Western Union	895	NM	886	134
Westinghouse	188	344	144	126
Westmoreland Coal	859	NM	822	156
Westvaco	503	393	449	176
Wetterau	300	257	250	172
Weyerhaeuser	678	NM	762	176
Wheelabrator Tech	**	**	**	140
Wheeling-Pittsburgh	832	NM	831	188
Whirlpool	384	491	422	142
Whitman	**	**	276	172
Wholesale Club	**	**	**	192
Wicor	571	532	598	156
Willamette Inds	296	325	444	176
Williams Cos	800	NM	775	156
Winn-Dixie Stores	224	486	393	192
Winnebago Industries	887	NM	563	142
Wisconsin Energy	343	305	351	152
Wisconsin Public Svc	392	436	499	152
Witco	412	448	447	130
FW Woolworth	568	442	278	192
Worthington Inds	132	223	325	188
WPL Holdings	354	386	495	152
Wm Wrigley Jr	141	244	130	172
Wyle Laboratories	772	554	778	134
Wyman-Gordon	738	613	793	122
Wyse Technology	**	**	**	184
Xerox	675	571	810	124, 184
Yellow Freight Sys	322	226	388	200
Zenith Electronics	820	600	745	134
Zenith National Ins	176	310	198	184
Zurn Industries	373	NM	566	126

Profitability: 10-year return on equity. **Growth:** 10-year annual earnings-per-share growth. **Stock market:** 10-year price change. **NM:** Not meaningful.

**Not ranked.

Science & Technology

Edited by Gary Slutsker

Scientists are convinced that asbestos in buildings and schools isn't so dangerous after all. Why are we spending $5 billion a year to rip it out? Good question.

Paratoxicology

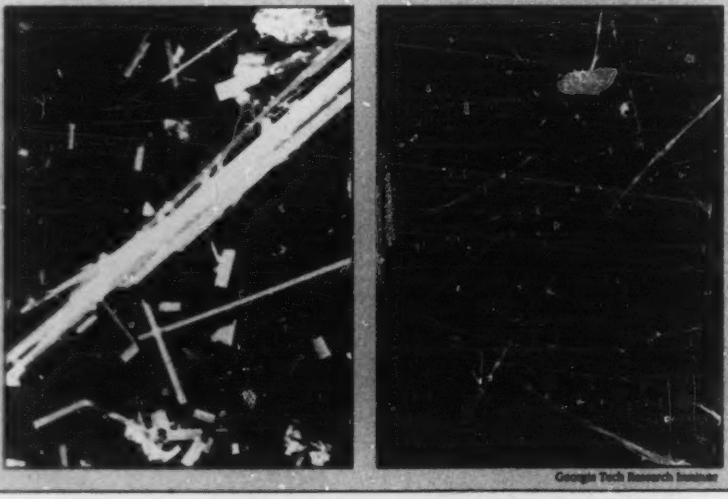
In May 1988, when the U.S. Environmental Protection Agency released its much awaited study on the health risks to people exposed to asbestos in buildings, the scientific community wasn't quite sure what to expect. Public hysteria about the asbestos threat had reached its zenith a year earlier, when Congress passed a law requiring every school board in the country to come up with a plan to deal with the potential asbestos health risk. "Parents thought, 'We're going to have geniuses die at 35, we're going to play Russian roulette with our kids,' " recalls Arnold Fege, chief lobbyist for the National Parents & Teachers Association, which heavily supported the asbestos law.

But some scientists who had been studying the effects of low-level exposure to asbestos were increasingly convinced that parents and Congress had overreacted. Their hunch was borne out when the EPA announced it had found that the asbestos fiber levels indoors were no more dangerous than the outdoor levels.

We live in a risky world, filled with serious public health threats, but low-level exposure to asbestos in buildings does not seem to be one of them. Nevertheless, fear of asbestos has created a $3-billion-a-year industry for lawyers, consultants, smart real estate developers—and especially for the so-called asbestos abatement contractors who get paid a lot of money to rip asbestos out of buildings and bury it in landfills. Not only does abatement cost a lot of money, but also it is becoming clear that it sometimes creates new problems that didn't previously exist, by stirring up clouds of asbestos dust.

Not all asbestos is alike

These electron micrographs, magnified more than 10,000 times, show the two principal types of asbestos. Straight-arrow amphiboles, on the left, are up to 50 times more toxic than naturally curly chrysotile (right). Roughly 95% of asbestos used in the U.S. is chrysotile.



Georgia Tech Research Institute

"The basis for this fear [of exposure to asbestos] is unreal, not founded in reality, a gross overreaction that's high in emotional content," says Dr. Bernard Gee, mincing no words. Gee is professor of medicine at Yale. He concluded in a recent article in the *New England Journal of Medicine* that there is no evidence that environmental exposure to asbestos is a public health hazard. "A friend calls it paratoxicology," he says, referring to the type of evidence used by the anti-asbestos crowd.

Where did the fears come from? The bulk of the paratoxicologists' "evidence", comes from mathematical algorithms that extrapolate the risk of low-level exposures based on data compiled from actual cases of asbestos industry workers. However, some of that data is now suspect because it was gathered using older microscope techniques. Even so, the anticipated mortality rates turned out to be quite small in comparison with other everyday risks *(see table, p. 303).*

But even those minuscule risks may be overstated. Accurately assessing risk isn't as simple as extrapolating from lethal high exposures to low ones. The implicit argument behind the extrapolation is that there is no minimum threshold for a human's tolerance to asbestos. According to this kind of thinking, once the killer fibers pierce a cell in the lung, they sit there and oxidize, or rust, and tumors begin to appear around them. As the fibers accumulate, it's only a matter of time before asbestosis (scarring of the lung tissue), lung cancer or mesothelioma (tumors in the linings of the lung and digestive tract) will kill.

Asbestos is all around us—in the air, in the water, everywhere. It's a naturally occurring mineral. It's what brake linings are made of, though that is being phased out. Every time a car or truck hits the brakes, asbestos fibers are released into the air.

With all these deadly fibers floating around, you'd expect a rise in asbestos-related diseases among the general public. Yet asbestosis affects only asbestos workers, as does asbestos-related lung cancer. Many of the affected workers tended to be heavy smokers. If people who do not work directly with asbestos do not get diseases that are related to asbestos, then there would seem to be little risk from environmental asbestos.

That leaves mesothelioma, of which there are fewer than 2,000 new cases a year. But here, too, the evidence is far from convincing. Some 80% of the mesothelioma cases occur in men over 65 who were asbestos workers. Again, if asbestos were an important environmental carcinogen, you'd expect to find a lot more of these tumors, particularly among women, says Brooke Mossman, an associate professor of pathology at the University of Vermont who coauthored the *New England Journal* article with Yale's Dr. Gee. It simply isn't happening.

This is a difficult paradox for the pro-abatement people, since, as writer Michael Fumento pointed out recently in the *American Spectator*, "You can't abate the great outdoors."

How is it that the human body is able to dodge so many deadly bullets in the environment? First of all, the body appears to have several protective mechanisms for defusing those fibers that are able to elude the body's respiratory filters. One mechanism is the ability of damaged cells to repair themselves and defuse fibers by mummifying them, as it were, in membranes. Another defense mechanism, confirmed by studying lung tissue of asbestos workers, is the production of specialized enzymes that consume oxygen, preventing asbestos fibers from ever oxidizing.

Moreover, some fibers are much more deadly than others. In at least one study, amphiboles, an asbestos group mostly from South Africa and Australia, were found to be over 50 times more toxic than chrysotile, the familiar white asbestos from Quebec that accounts for about 95% of all asbestos used in the U.S. Individual chrysotile fibers are curly, which keeps most of them from ever reaching the lungs, while amphiboles are long, slender straight arrows *(see electron micrographs, p. 302)*. Amazingly, this distinction in fiber types—strongly evident from recent advances in transmission electron microscopy—has yet to be acknowledged by Congress and the EPA in assessing the real public health risk.

The result of asbestos fiber phobia has been the overnight growth of what is now a $3 billion industry. Asbestos abatement outfits like Chempower and Allwaste have raised millions with new stock issues in the last two years. They have an easy sales pitch to building owners: Want to have tenants? Want to eliminate your liability? Then let us remove your asbestos problem.

Some abaters can afford to buy fancy new high-tech removal equipment to make the job less labor intensive. Mitsubishi just introduced a flatbed truck containing a giant vacuum that not only sucks materials containing asbestos through a hose from high atop skyscrapers, but also filters and embeds it in concrete mixed right aboard the 5½-ton truck. Total sticker price: $500,000.

Entrepreneurs are eager to help with asbestos disposal. Legally, building owners own the asbestos they remove for up to 40 years, even while it's sitting in a landfill. But Larry Penberthy, a Seattle inventor, wants to get rid of asbestos liability forever. His Penberthy Electromelt International Inc. has EPA approval for a process that heats a mixture of abated asbestos, sand and baking soda to temperatures of 2,600 degrees Fahrenheit (its high tolerance to heat was, after all, why asbestos was installed in the first place), producing glass he'd like to sell to highway contractors as filler.

Alas, all this asbestos abatement isn't doing much good. The sad truth is that abatement usually raises the levels of asbestos fibers in a building short term, endangering abatement workers—who are often recruited from Third World countries—if not also occupants.

Life's risky

Asbestos in buildings seems safe next to most everyday risks. Figures are expected deaths before age 65 per 100,000 people.

Smoking (all causes)	**21,900**
Smoking (cancer only)	**8,800**
Motor vehicle	**1,600**
Frequent airline passenger	**730**
Coal mining accidents	**441**
Indoor radon	**400**
Motor vehicle–pedestrian	**290**
Environmental tobacco smoke, living with a smoker	**200**
Diagnostic X rays	**75**
Cycling deaths	**75**
Consuming Miami or New Orleans drinking water	**7**
Lightning	**3**
Hurricanes	**3**
Asbestos in school buildings	**1**

Source: Harvard University symposium summary, August 1989.

"When you start ripping it up and creating big dust clouds, it's not surprising you find a residue problem," says Garry Burdett, a Ph.D. in environmental science who measures asbestos fiber levels at Georgia Tech Research Institute in Atlanta.

Why do business people worry about asbestos abatement? Because it's the law in some cases. The EPA calls for abatement when a building undergoes renovation that would disturb existing asbestos, and also prior to demolition, a sensible precaution.

But even when abatement isn't explicitly called for by the law—as in Congress' school law—it is often the most attractive option for dealing with asbestos because of questions over liability.

"No building owner has been found liable for asbestos-related medical damage to tenants," says Richard Jones, senior partner at Pepe & Hazard, a Hartford law firm that represents building owners and lenders. Still, many mortgage bankers will continue to insist upon abatement until the government tells them that asbestos in buildings is safe—in spite of the solid evidence against abatement that says asbestos isn't dangerous until it's disturbed.

With evidence mounting that Congress has overreacted to the asbestos threat, it recently ordered the EPA to find out from the prestigious Health Effects Institute in Cambridge, Mass. what the real risks are. This appears to be more of a face-saving delaying tactic than anything else.

The Health Effects Institute study is just now getting started and won't likely affect public policy decisions for years. Yet a recent summary report on a 1988 Harvard symposium is a veritable bibliography of research showing that the low levels of asbestos present in most buildings offers little, if any, risk.

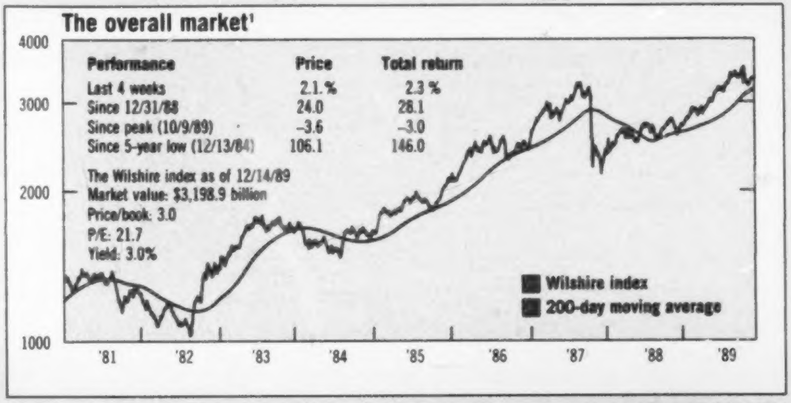
How should people sensibly deal with asbestos? Treat it with respect, like any other potential hazard. "I always use the analogy of electricity," says Georgia Tech's Burdett. "It's a very dangerous thing, and everybody in every room has access to a power supply. If you get two pieces of metal and stick them in the socket, you're in trouble." But who would ban electricity? Likewise, asbestos is a manageable risk that need not necessarily be abated—especially if pulling it out is a lot more dangerous than just leaving it alone.—G.S.

The Forbes Wall Street Review

Edited by Eric S. Hardy

Electric utility stocks are hot. Smith Barney's utility analyst, Daniele Seitz, thinks these stocks will continue to outperform the market at least through the first half of 1990. Turnaround companies like Commonwealth Edison and CMS Energy, she says, are the best candidates, and could reward investors with a total return of up to 30% next year.

Technology stocks, on the other hand, are cold. IBM and DEC recently hit 52-week lows. The Hambrecht & Quist technology stock index fell 2.5% in the first two weeks of December. The Wilshire index rose 0.9%.


The overall market[1]

Performance	Price	Total return
Last 4 weeks	2.1.%	2.3 %
Since 12/31/88	24.0	28.1
Since peak (10/9/89)	–3.6	–3.0
Since 5-year low (12/13/84)	106.1	146.0

The Wilshire index as of 12/14/89
Market value: $3,198.9 billion
Price/book: 3.0
P/E: 21.7
Yield: 3.0%

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,396.59	0.9%
Wilshire index 6,000 stocks, equal weighted	21.60	–0.6
Dow Jones industrials 30 stocks: divisor-adjusted price average	2,753.63	1.8
S&P 500 Capitalization weighted cross-section, major stocks	350.93	1.4
NYSE Capitalization weighted, all listed common stocks	193.97	1.4
Amex Capitalization weighted total return: stocks, warrants	376.82	0.8
Nasdaq Capitalization weighted, all issues except warrants	447.48	–1.9
Amex international market index Capitalization weighted, 50 largest ADRs	331.22	2.0

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	1029.60	1.8%
Institutional[3] Approximately 200 stocks with high institutional ownership	114.56	–1.2
Individual[3] Approximately 200 stocks with low institutional ownership	106.54	0.1
Technology Hambrecht & Quist index	250.40	–2.5
Gold[4] (Composite quote of 6 major dealers)	$408.70	–0.8
Yen[4] (per $U.S.)	144.20	0.9
Commodity index[4] (CRB futures index, 1967=100)	226.61	–0.9
Oil[4] (W Texas Intermediate)	$20.65	3.8
T Bills[4] (90 days)	7.61%	3 basis points[5]
Broker loan rate[4]	9.50%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Rowan Cos	11⅛	27%	NM	Improvement in contract drilling business; rumors company may buy Hunt family's Penrod Drilling
Cray Research	38⅛	24	10	Cowen & Co issues buy recommendation
Helmerich & Payne	33¼	18	35	Prospects brightening for oil drilling industry
Novell	38	15	24	Fiscal 1989 profits rise 35%, to $1.46 a share
Home Shopping Network	7⅛	15	NM	Net income rises 85%, to $0.21 a share, during first quarter of fiscal 1990

The Worst Performing Stocks

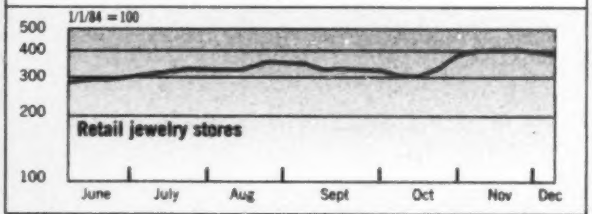
Company	Price	2-week change	P/E	Reason
LA Gear	26	–28%	9	Wall Street is skeptical about company's long-term growth prospects
Lands' End	20½	–25	14	Company forecasts fiscal 1990 earnings could decline about 13%
Apple Computer	34⅞	–21	10	Announces revenues in first quartbr of 1990 will be below expectations; Xerox files copyright suit
Newbridge Networks	13½	–19	NA	Possible profit taking; Stock was up more than 75% from July offering price
Midlantic	30¼	–16	5	Moody's downgrades company's debt securities

Note: All data for periods ending 12/14/89. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization-weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]For period ending 12/15/89. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point. NA: Not available. NM: Not meaningful.

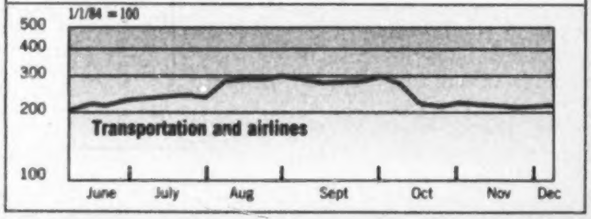
Industry Review

Edited by Gilbert Steedley

Best industry last 6 months



Worst industry last 6 months



Despite the takeover fever that gripped the airline industry in the last six months, airline stocks as a group lost more ground than stocks in any other industry. Two exceptions: Whereas both UAL and AMR are trading considerably below their 52-week highs, following the collapse of buyout offers, they still managed to post six-month gains. So says Los Angeles-based *Investor's Daily,* which monitors the performance of the 197 equal-weighted industry groups. The big losers in the airline industry were troubled Pan Am as well as USAir, Alaska Air and Midway Air. Writeoffs of loans to developing nations hurt the money center banks. On the other hand, retail jewelry stores, gold mining stocks and insurance stocks were strong.

Leading Industries

Retail jewelry stores

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Weisfields	56⅜	127%	99	37	47
Tiffany & Co	49¾	31	88	98	26
Claire's Stores	13⅜	27	94	83	17
Peoples Jewellers Cl A	16	15	62	30	9
Ratners Group Plc ADR	11½	–2	56	93	5

Gold mining

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Free State Consol Gold Mines	13⅛	100%	96	40	11
Western Deep Levels ADR	48⅛	83	94	51	8
Driefontein Consolidated	14¾	62	93	27	22
Amax Gold	19⅛	59	89	48	35
American Barrick Resources	33¾	58	95	79	57

Insurance brokers

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Hilb Rogal & Hamilton	25	69%	94	84	22
Reed Stenhouse	34	36	87	7	NM
Marsh & McLennan	86½	35	89	64	21
Alexander & Alexander Svcs	33¾	34	86	56	21
Arthur J Gallagher	25¼	29	85	68	18

Lagging Industries

Transportation and airlines

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Pan Am	2⅛	–32%	19	13	NM
US Air Group	36¼	–22	24	34	28
Alaska Air Group	23½	–20	37	64	8
Midway Air Group	13⅜	–10	28	50	28
America West Airlines	10⅛	–7	57	73	14

Optical-character recognition

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
National Computer Systems	6⅞	–40%	14	22	21
KLA Instruments	8⅝	–34	11	58	14
Symbol Technologies	16⅞	–30	20	88	19
Recognition Equipment	7⅛	–20	28	9	NM
BancTec	14⅝	6	66	87	11

Banks and money centers

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Citicorp	28⅝	–15%	43	28	5
Security Pacific	39⅝	–15	32	52	6
Chase Manhattan	34⅝	–11	54	10	NM
Chemical Banking	32⅛	–10	38	10	NM
Bankers Trust NY	44¼	–10	43	13	NM

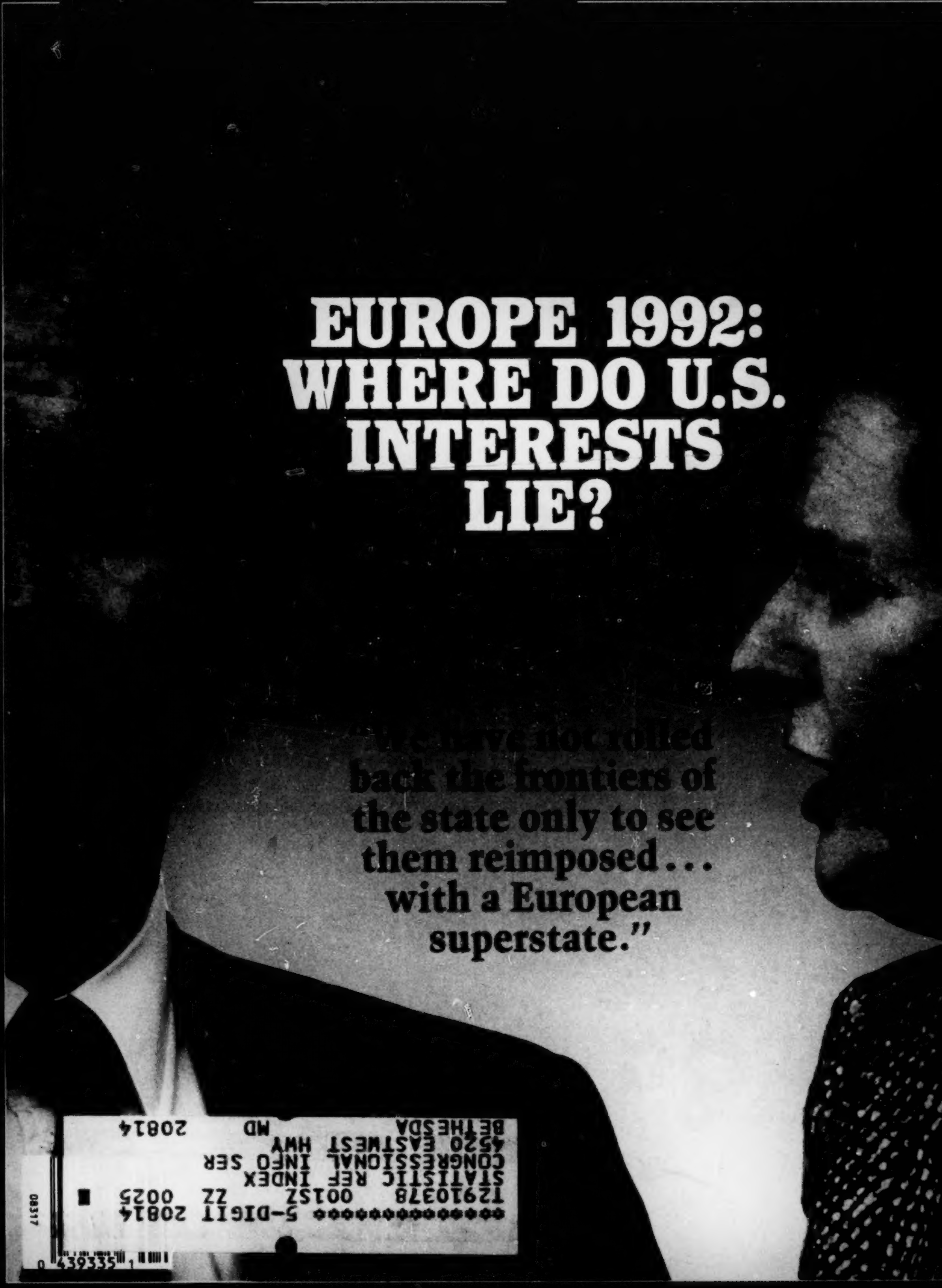
Industries are ranked from 1 (highest) to 197 (lowest) based on the equal-weighted price performance of the companies within the industry group. Relative EPS measures a company's earnings-per-share growth in the last 2 quarters, the last 5 years and the stability of that growth. Relative strength is a stock's daily price change over the last 12 months. For both measurements, stocks are compared with all other stocks and ranked on a scale of 0 to 99, with 99 the highest. Industry group performance is based on 6-month equal-weighted price changes with most recent 3-month results weighted 70%. NM: Not meaningful. All data for periods ending 12/8/89. Source: Investor's Daily, Los Angeles, Calif.

FORD'S EMERGING JAGUAR STRATEGY

GEORGE GILDER: AMERICAN TECHNOLOGY AT FIRE-SALE PRIC

JANUARY 22, 1990

THREE DOLLARS SEVENTY FIVE CENTS



EUROPE 1992: WHERE DO U.S. INTERESTS LIE?

"We have not rolled back the frontiers of the state only to see them reimposed . . . with a European superstate."

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George De Keerle/Sygma

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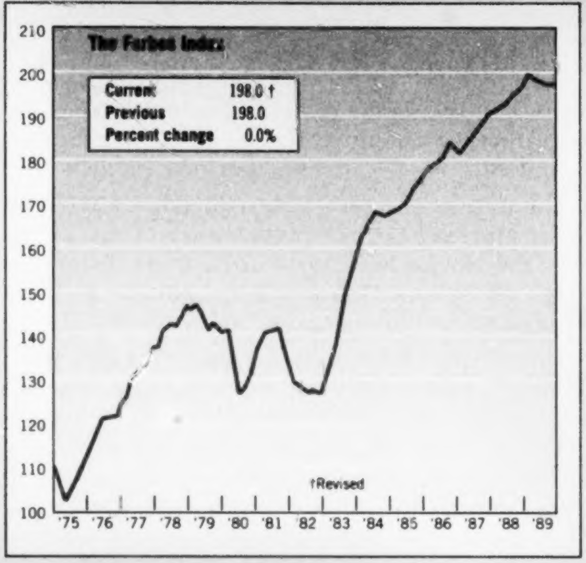
The Forbes Index



Vindicating those who predicted that inflation is not the threat it was, the cost of living rose a little less than 5% in 1989. The Consumer Price Index crept up only 0.2% in November, but could show a larger increase in December, because of the cold spell's upward push on energy and food prices. The Forbes Index is unchanged from two weeks ago, with its components continuing to emit mixed signals. For November, manufacturers' new orders rose more than 5%, to a record $131 billion. New housing starts, however, fell almost 25% from October to November, and are 13% lower than they were during the same period in 1988.

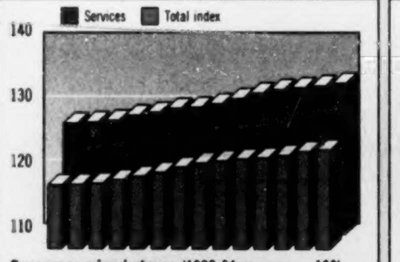
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.5%
Auto sales[1] year to date vs. 1988	Ward's Automotive	-5.1%
Index of leading indicators November vs. October	Dept. of Commerce	0.1%
Trade balance last 12 months	Dept. of Commerce	-$118 bil
Producer price index[2] November vs. 1988	Dept. of Labor	4.6%
GNP 3rd quarter vs. 2nd—annualized growth	Dept. of Commerce	3.0%

[1] U.S. based manufacturers only as of 12/10/89. [2] Finished goods.

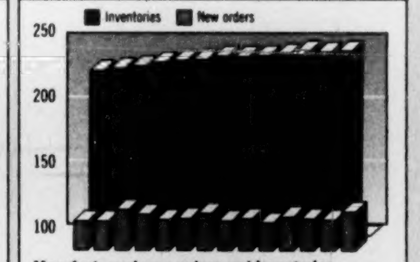
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

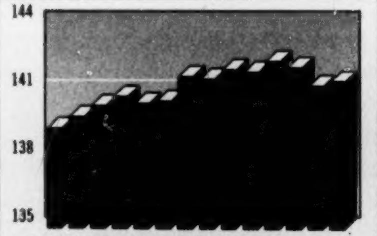
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



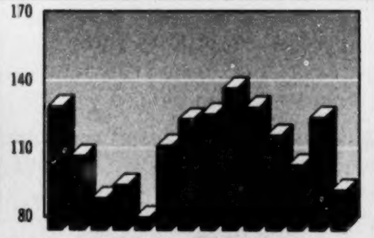
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



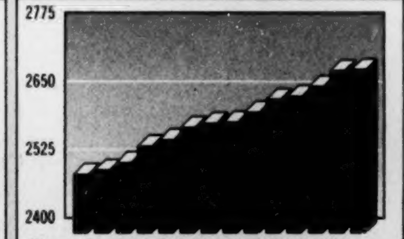
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



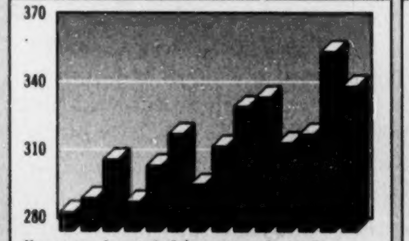
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



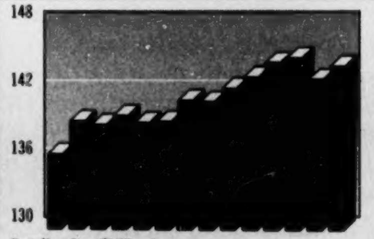
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



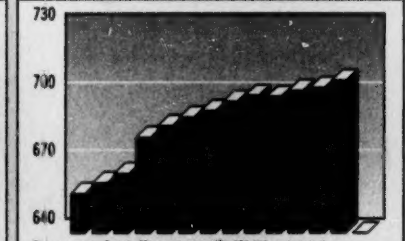
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

O N D J F M A M J J A S O N
1988 1989
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1988 1989
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1988 1989

Japanese companies have targeted another U.S. industry—pharmaceuticals—and have already made unsettling inroads.

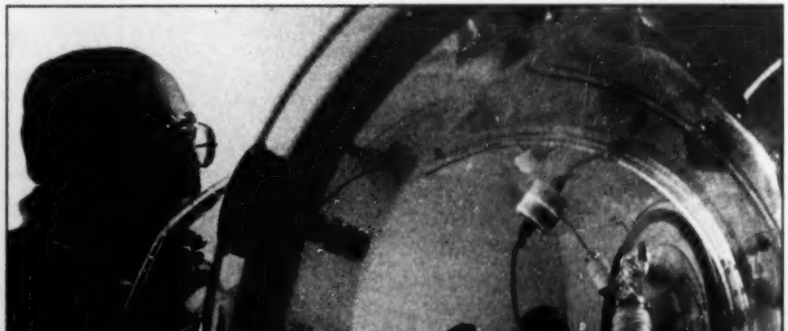
A different kind of drug problem

By Gale Eisenstodt

THE PHARMACEUTICAL industry is yet another reminder that in Japan imitation is more than a form of flattery. A decade ago Japan paid out for foreign drug technology more than three times what it earned in royalties. But in a dramatic reversal Japan has since 1986 become a net exporter of pharmaceutical technology. Observes Robert Neimeth, executive vice president of Pfizer International: "Japanese drug companies are becoming world-class players in terms of innovative capabilities." Tops on Neimeth's list of innovative Japanese drugmakers are $1.3 billion (revenues) Eisai, $1.6 billion Fujisawa Pharmaceutical and $5 billion Takeda Chemical *(see table).*

After gaining proficiency in making antibiotics, Japanese firms are now leapfrogging into cardiovasculars, anticholesterol products and central nervous system drugs. In the frontier area of genetic engineering, the U.S.' Genentech recently licensed the anticoagulant Argatroban from Mitsubishi Kasei. Japanese drugs have won over 3,100 U.S. patents since 1980, pushing Japan past West Germany as the leading foreign source of patents for drugs in the U.S.

John Rae



Inside Eisai's pharmaceutical research facility in Andover, Mass.
"Japanese drug companies are becoming world-class players."

Japan's drug industry probably would have emerged earlier as a global competitor but for its own peculiarities. These companies aren't multinationals like Sony or Honda. Japan's fragmented drug industry is made up of companies that are largely family owned. They don't enjoy the financial support of a big group of companies. Moreover, years of government protection against foreign competitors, as well as lax regulatory standards, allowed the companies to profit from selling drugs of dubious efficacy. Japanese drugmakers had little incentive to develop innovative products.

The easing of government restrictions on foreign direct investment in the mid-1970s meant foreign pharmaceutical companies could operate more freely in Japan. While this broadened markets for U.S. companies, it also woke up the Japanese. Spotting opportunity, several big Japanese nonpharmaceutical companies are getting into the drug market through biotechnology. Recent entrants such as Ajinomoto (food), Mitsubishi Kasei (chemicals) and Kirin Brewery (beer) are bigger and richer than traditional drug companies.

Since the mid-1970s Japanese drugmakers have doubled R&D budgets to nearly 10% of sales, a ratio comparable to that of U.S. companies. They have invested heavily in new research facilities and expanded the number of employees engaged in R&D. Armed with powerful yen and relatively weak U.S. equity values, they have also tapped directly into research abroad by buying small biotechnology companies. The Japanese are sending trainees overseas and are funding research at U.S. universities.

The biggest Japanese drug export success so far is Tanabe's Cardizem, which Marion Merrell Dow began selling in 1982. This cardiovascular drug brought Kansas City-based Marion sales of $584 million in the fiscal year ending June 1989. On the way is Pravachol, a cholesterol-lowering drug that Sankyo licensed to Bristol-Myers Squibb in 1985. The product competes directly with Merck & Co.'s Mevacor, a product that Daiwa Securities' Kenneth Nover estimates brought in $400 million in 1989.

Curiously, the Ministry of International Trade & Industry, the powerful force behind many of Japan's other well-known export successes, never got directly involved in this industry. But in subtle ways the government made sure that Japanese firms were protected from foreign competition. As Harvard School of Public Health Professor Michael Reich puts it: "Japanese national health policy unofficially served as industrial promotion policy for pharmaceuticals."

Until the mid-1980s, the Ministry of Health & Welfare required foreign firms to apply for the first step of drug approval with a Japanese partner—and clinical trials had to be conducted in Japan on Japanese. This necessitated the creation of research labs in Japan and the training of local scientists to perform the work. "These policies resulted in a fairly quick transfer of technology from the rest of the world into the Japanese pharmaceutical industry," says Pfizer's Neimeth.

What next? The Japanese are still far behind the American and European drug companies when it comes to international distribution and production. But here, too, they are making progress. Japanese companies initially licensed products to U.S. or European companies to sell. Now they are using their proprietary research as leverage to form joint ventures or strategic alliances with foreign firms. Two years ago Chugai Pharmaceutical formed a joint venture with Upjohn. Upjohn hopes to profit from Chugai research, while Chugai will pick up Upjohn's U.S. marketing network.

The Japanese are also going it alone. Fujisawa Pharmaceuticals took over a joint venture it had with SmithKline Beecham near Philadelphia two years ago, and last year it purchased Rosemont, Ill.-based Lyphomed, which sells injectable drugs to hospitals. Overnight, this strategic acquisition gave Fujisawa a distribution capacity that would have taken years to create.

Fortunately, U.S. drug executives are paying attention to intelligence from the field, aggressively setting up operations in Japan. Forward-thinking Merck, for example, bought control of one Japanese drug company, Banyu Pharmaceutical, in 1983.

Says Henry Wendt, chairman of SmithKline Beecham: "It is quite clear that to be competitive in pharmaceuticals, a company needs a position in each of the major markets; the U.S., Europe and Japan. This is no less obvious to the Japanese." As part of its strategic planning for the 1990s, SmithKline plans to build a research facility in Japan. "There is good science in Japan," says Wendt, "and we have to tap into it just as we do in the U.S." And just as the Japanese will do, increasingly, in the U.S. ■

Waking up

The six largest Japanese drug companies are smaller than their U.S. counterparts but are aggressively expanding at home and abroad.

The top six in Japan

Company	Sales[1]	Profits[1]	Market capitalization
	$millions (Y140=$1.00)		
Takeda Chemical	$4,905	$277	$14,470
Sankyo	3,043	101	7,180
Shionogi	2,082	84	4,240
Yamanouchi Pharmaceutical	1,790[2]	21[2]	6,810
Tanabe Seiyaku	1,655	68	3,030
Fujisawa Pharmaceutical	1,606	22	4,390

Top six U.S. drug companies[3]

Company	Sales[4]	Profits	Market capitalization
	$millions (Y140=$1.00)		
Johnson & Johnson	$9,486	$1,063	$19,913
Bristol-Myers Squibb	8,973	1,393	29,160
Merck	6,324	1,435	30,612
American Home Products	5,729	1,005	15,802
Pfizer	5,546	736	11,495
Eli Lilly	4,434	890	18,872

[1] Fiscal year March 1989. [2] Estimate. [3] Ranked by worldwide drug sales. [4] Latest 12 months.

Sources: Japan Company Handbook; Daiwa Securities.

The old news is that Fred Carr is stuck with a wad of shaky junk bonds. The new news is that First Executive's basic insurance business is limping, too.

Dancing as fast as he can

By Gretchen Morgenson

Fred Carr, shot down as a high-flying Wall Street fund manager in the early 1970s, made a stunning comeback. From California he launched First Executive Corp. and built it into a multibillion-dollar company selling low-cost life policies backed with investments in junk bonds.

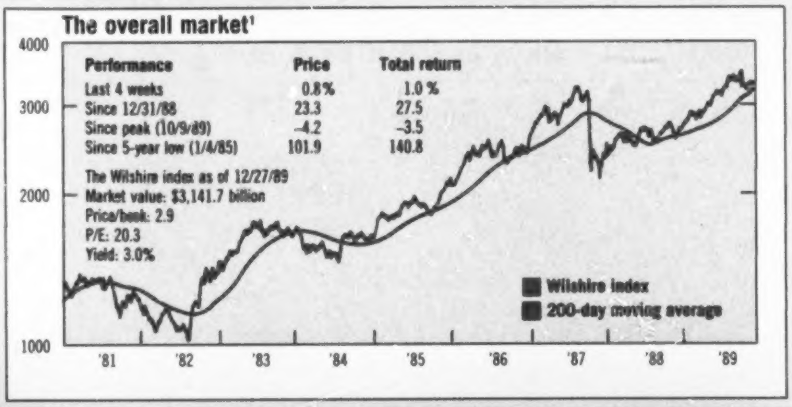
But now, at 58, for the second time in his career, he is in a bind. Sales of insurance and annuities at First Executive have slowed considerably; at the same time, annuity surrenders are doubling and policy loans are increasing. Most disturbing of all: Investment income from First Executive's investment portfolio dropped 2% in the quarter ended Sept. 30. This is especially ominous because in the past high investment yields have enabled Carr to price insurance products relatively cheaply. In fact, his high investment returns—more than 25% per annum—have set him apart from his peers for more than ten years.

First Executive was one of the nation's fastest-growing insurance outfits in the 1980s. Last year the company had $57 billion in insurance in force, nearly 25 times more than in 1980. Premium income hit a high of $2.4 billion in 1986, five times what it was at the decade's beginning. Invest-

The Forbes Wall Street Review

Edited by Eric S. Hardy

The stock market was kinder but not always gentler to investors in 1989. With just a few days left on last year's calendar, the Wilshire index was showing better than a 23% price increase and a total return in excess of 27% for 1989, even after the Oct. 13 debacle. But Wall Street might have a tougher time matching these gains in 1990. For starters, the price-to-earnings multiple on the Wilshire index has crept back up to 20. And while security analysts are not predicting a recession, they do think the economy will struggle in the first half of the new year.



The overall market[1]

Performance	Price	Total return
Last 4 weeks	0.8%	1.0 %
Since 12/31/88	23.3	27.5
Since peak (10/9/89)	-4.2	-3.5
Since 5-year low (1/4/85)	101.9	140.8

The Wilshire index as of 12/27/89
Market value: $3,141.7 billion
Price/book: 2.9
P/E: 20.3
Yield: 3.0%

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,376.81	-1.1%
Wilshire index 6,000 stocks, equal weighted	21.48	-1.4
Dow Jones industrials 30 stocks: divisor-adjusted price average	2,724.40	-1.3
S&P 500 Capitalization weighted cross-section, major stocks	348.81	-1.1
NYSE Capitalization weighted, all listed common stocks	192.69	-1.2
Amex Capitalization weighted total return: stocks, warrants	372.96	-1.2
Nasdaq Capitalization weighted, all issues except warrants	448.81	-0.5
Amex international market index Capitalization weighted, 50 largest ADRs	325.03	0.6

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	1053.20	1.8%
Institutional[3] Approximately 200 stocks with high institutional ownership	114.21	-2.1
Individual[3] Approximately 200 stocks with low institutional ownership	105.05	-2.4
Technology Hambrecht & Quist index	253.15	unchanged
Gold[4] (Composite quote of 6 major dealers)	$406.50	-1.5
Yen[4] (per $U.S.)	141.90	-1.6
Commodity index[4] (CRB futures index, 1967 = 100)	228.77	0.5
Oil[4] (W Texas intermediate)	$21.80	5.1
T Bills[4] (90 days)	7.61%	1 basis point
Broker loan rate[4]	9.50%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Mentor Graphics	17½	24%	13	Rides coattails of mini-rally in technology stocks
Hubbell	48⅝	16	17	Agrees to joint venture with General Electric
Manor Care	16⅝	15	28	Reports a 48% increase in net income for the second quarter of 1989
Intergraph	17½	15	12	Company announces that its fourth quarter will be better than analysts predicted
Echlin	16⅛	14	21	First-quarter earnings come in higher than Wall Street's projections

The Worst Performing Stocks

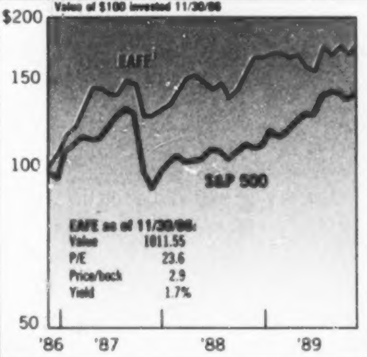
Company	Price	2-week change	P/E	Reason
Walt Disney	109¼	-16%	21	Analysts are unsure if company can maintain last year's performance
Rite Aid	31¼	-16	13	Earnings, excluding extraordinary items, lower than expected
Trinity Inds	29½	-14	12	Railcar orders are below earlier forecasts
TCBY Enterprises	19⅝	-12	19	Suffers increased competition and store traffic is likely to be reduced by cold weather
Southeast Banking	19¼	-12	5	Growth in problem loans feared

Note: All data for periods ending 12/27/89. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization-weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Morgan Stanley Capital International Perspective. [3] For period ending 12/22/89. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4] Knight-Ridder Financial Information. [5] A basis point is equal to one-hundredth of a percentage point.

World Markets Review

Edited by Gustavo Lombo

Foreign vs. U.S. markets



Developed markets

	Total return[2]		
Market	**3 months**	**12 months**	**P/E**
Denmark	17%	46%	14
Hong Kong	13	9	10
Belgium	12	13	13
Germany	10	25	16
Japan	9	3	51
Finland	–16	–21	10
New Zealand	–14	10	16
Sweden	–9	24	14
Australia	–7	3	11
UK	–5	9	11

Emerging markets[3]

	Total return[2]		
Region	**3 months**	**12 months**	**P/E**
Latin America	20%	86%	NA
Asia	3	54	NA

	Total return[2]		
Country	**3 months**	**12 months**	**P/E**
Argentina	163%	183%	23
Turkey	138	318	13
Greece	56	76	27
Jordan	–10	–2	15
Colombia	–1	8	7
Malaysia	–1	27	27

Several of the world's smaller stock markets boomed last year. Over the last three months Denmark outperformed all other developed markets with a 17.2% total return. Hong Kong, troubled by the Tienanmen Square tragedy, was the worst performer three months ago but has since rebounded almost 13%. As counterpoint, the Morgan Stanley Capital International Perspective index for New Zealand fell 14%, pushing New Zealand's performance from first place in August 1989 to next-to-last place in November (in last place was Finland). New Zealand's problem: a rise in short-term interest rates and a sharp increase in the country's goods and services taxes.

Turkey, with a market value of nearly $5 billion, was the best-performing emerging market. The International Finance Corp. dollar-denominated index of Turkish shares shows a total return of 318% over the past 12 months. In August the Turkish government passed new regulations designed to attract foreign investors.

Who's Hot

Company/country	Business	Price	3-month price change	P/E
[illegible]	construction	[illegible]	63%	37
Baltica Hldg/Denmark	insurance	107¾	60	6
Crédit F de France/France	banking	211⅝	55	12
Mitsubishi Oil/Japan	energy	12	51	67
Dyckerhoff Stamm/Germany	bldg materials	425⅜	49	23

Who's Not

Company/country	Business	Price	3-month price change	P/E
British Comm Hldgs/UK	multicompany	1½	–45%	10
Next/UK	merchandising	1⅝	–35	11
Elkem/Norway	metals	27½	–33	5
Elders Res NZFP/N Zealand	paper products	1⅛	–27	7
Inco/Canada	metals	28	–24	4

Cheap Foreign Stocks

Company/country	Business	Price	Earnings	P/E
[illegible]	energy	82¾	$14.72	6
FAI Insurance/Australia	insurance	2	0.21	10
Sevillana Electricidad/Spain	utility	5½	0.51	11
Shell Trans & Trading/UK	energy	7	0.63	11
Siemens Stamm/Germany	elec, electronics	345¼	22.30	16

High-Yielding Foreign Stocks

Company/country	Business	Price	Yield	P/E
British Steel/UK	steel	2	10.9%	4
Westpac/Australia	banking	4⅛	8.6	7
Unión Elect-Fenosa/Spain	utility	4	8.1	9
Intercom/Belgium	utility	97¾	7.6	12
Canadian Pac Forest/Canada	bldg materials	30½	7.3	9

Note: All data for period ending 11/30/89. Selected stocks have a market capitalization of at least $300 million. [1]EAFE is a price return index of European, Australian, New Zealand and Far Eastern stocks converted into U.S. dollars. [2]Performance numbers reflect both local price change and currency fluctuation. Dividends are reinvested after subtracting foreign withholding tax. [3]Source: International Finance Corporation. Data for period ending 10/31/89. NA: Not applicable. Principal source: Morgan Stanley Capital International Perspective.

Statistical Spotlight

If you're going to make money by outsmarting Wall Street, you have to start by looking at what Wall Street expects for a company—the consensus forecast.

Unpopular stocks

Slackman

By Steve Kichen

HERE'S AN interesting speculation that turns up in a screen of stocks that are selling at low multiples of expected 1990 earnings: Bank of New England. This is not what you would call a glamour issue. Disasters in the bank's loan portfolio will take its earnings from $4.06 a share in 1988 to a substantial loss for 1989. At a recent 8⅜, the stock is trading at a third of book value and a fifth of its high in 1986. The management has announced that it is seeking a strong merger partner and trying to sell assets. A quarterly dividend had to be rescinded. The chief executive, under fire, is on his way out.

Notwithstanding the recent bad news, analysts who follow the stock are still expecting an earnings rebound in 1990. The 23 published estimates on this company range from a high of $3.90 to a low of $2.20. If the bank survives as an independent entity the stock could quite plausibly recover to book value, at least, giving today's purchaser a handsome gain.

We searched the well-known IBES database for unpopular stocks like this one. IBES, or Institutional Brokers Estimate System, is a collection of earnings forecasts on 4,000 companies maintained by Lynch, Jones & Ryan, a New York City brokerage. We picked out 145 stocks with estimated 1990 P/ES that are no higher than 75% of their five-year average P/ES. In short, these stocks are cheap.

The trick, of course, is figuring out when they deserve to be cheap and when they don't. In some cases a company shows up on the list because an entire industry is out of favor. Computer companies have shown some earnings weakness of late; hence the appearance here, at single-digit earnings multiples, of such growth stocks as Compaq, Computer Associates and Cray Research. Some cyclical industries, like paper, are perceived as being too close to their tops, notwithstanding the likelihood of fairly good earnings for at least one more year. That's how Potlatch, Mosinee Paper and Georgia-Pacific get on this list.

The "flash" estimate is a new IBES statistic. Whereas dozens of analysts may contribute to the average estimate, the flash estimate reflects only the most recent changed estimates submitted by analysts over the last six weeks. Richard Pucci, director at Lynch, Jones & Ryan, explains that this estimate can be an alert that one or a few analysts are moving away from the pack. "The way to use estimates to make money is not just to be a good forecaster but to go out on a limb and argue with the data," he declares. "If you side with the optimistic analyst, and he turns out to be correct, that's when a stock is likely to move up." Most of the flash estimates on the following pages are lower than the consensus forecasts. Some exceptions: Liz Claiborne, Louisiana Pacific and Potlatch.

The column "3-month change" also shows the direction of the forecasts. Hexcel, like many aerospace companies, is showing a declining estimate. The forecast for this manufacturer of honeycomb structural materials dropped 21% in three months. In contrast, the mean estimate rose 13% over the last three months for Centex, a Dallas-based home building firm.

Another useful bit of information for interpreting the earnings estimate is the confidence factor. This shows the level of agreement among security analysts. International Paper, for instance, has 24 estimates for fiscal 1990. They range from a low of $4.60 to a high of $8.80 and a mean of $6.89. But there is a lot of disagreement among the analysts following this firm, as indicated by the "low" confidence level. Investors abhor uncertainty. That's another reason for the stock to trade at a low multiple.

The biggest company to get through our computer screens was IBM. It is selling at only 9.5 times estimated 1990 earnings of $9.95. Is it a bargain? Pucci points out that some folks on Wall Street believe IBM is no longer a growth company but is more like a cyclical capital goods company. If you disagree, you will probably find IBM undervalued.

Cheap—but why?

All these stocks are trading at less than 12 times expected 1990 earnings and at estimated P/Es at least a fourth less than their norms. Some are irrationally cheap, perhaps because an entire industry is, undeservedly, out of favor. The "flash" estimate is the average of forecasts updated in the last six weeks.

			1990 estimated earnings per share					P/E	
Company/business	Recent price	Latest 12-mo EPS	"flash"	average	number	confidence factor	3-mo change	5-year average	1990 estimate
Aetna Life & Casualty/insurance	56½	$6.51	NA	$5.44	31	average	–2.8%	15.1	10.4
HF Ahmanson & Co/savings & loan	18¾	1.97	NA	2.72	18	average	0.0	11.5	6.9
Alaska Airgroup/airline	20⅝	2.93	NA	2.67	18	low	–5.9	18.5	7.7
Alfa/insurance	11¼	1.22	NA	1.33	3	very high	0.0	12.6	8.5
American Business Prods/bus forms	21⅞	1.86	NA	2.11	4	average	–4.0	14.4	10.4
Ametek/precision instruments	13¼	0.77	NA	1.18	10	average	0.0	17.9	11.2
AmSouth Bancorporation/banking	23½	3.38	NA	3.55	11	high	–6.5	9.5	6.6
Apogee Enterprises/auto glass	15¾	1.04	$1.30	1.47	7	average	–1.3	16.2	10.7
Ashland Oil/oil refining	39¾	2.96	3.44	3.72	25	low	–10.5	16.8	10.7
Bank of New England/banking	8⅜	2.79	2.21	2.97	23	low	–10.8	11.3	2.8
Bank of New York/banking	40⅞	–0.09	6.81	6.91	19	high	–1.1	9.8	5.9
Bank South/banking	11⅞	1.34	NA	1.59	5	average	3.9	12.9	7.5
Boise Cascade/paper & forest prods	44	6.46	4.45	4.73	23	low	–10.5	12.9	9.3
Bowater Inc/paper	27	4.22	3.43	3.22	12	average	–4.4	13.8	8.4
Brown Group/shoe mfg & retailing	27	0.44	2.01	2.44	5	low	–18.1	17.0	11.1
Caesars New Jersey/hotel & casino	18⅜	2.09	2.47	2.51	5	average	–2.7	15.6	7.4
Caesars World/hotel & casino	29⅜	2.49	2.90	2.97	16	low	–8.3	16.9	9.9
Carlisle Comp/rubber, plastic & metal	32¼	2.60	NA	3.69	4	low	–4.1	12.6	8.7
CDI/engineering & tech svcs	15⅛	1.06	1.25	1.27	4	very high	–3.0	19.1	11.9
Centex/real estate devel, construct	30⅝	3.52	4.50	4.32	7	high	13.0	15.1	7.1
Central Bancshares South/banking	12¾	1.93	2.14	2.17	6	high	–3.5	9.9	5.9
Chesapeake Corp/paper & packaging	18⅞	2.56	2.10	2.14	14	average	–11.9	16.8	8.8
Clayton Homes/manufactured housing	9	0.99	1.14	1.10	3	average	0.0	16.8	8.2
Club Med/resorts	18⅝	1.30	NA	1.67	3	low	6.3	17.5	11.2
Comm Metals/steel mfg, mktg & trad	21¾	2.46	2.55	2.49	5	average	–6.7	13.2	8.7
Compaq Computer/computer equip	78½	8.18	9.22	9.26	48	average	–4.2	18.3	8.5
Comp Associates Intl/comp software	12⅝	0.97	1.39	1.39	21	low	–17.2	19.6	9.1
Constellation Bancorp/banking	28	3.76	4.50	4.54	5	average	2.7	9.5	6.2
Countrywide Credit Inds /finl svcs	8¼	0.62	1.03	1.00	8	low	–11.5	13.5	8.3
Cray Research/computer equip	38⅝	4.04	3.87	3.99	29	average	–14.7	19.6	9.7
Crestar Financial/banking	28¾	3.20	3.51	3.51	16	very high	0.0	11.9	8.2
Dana/auto parts	34¼	3.81	3.48	3.67	16	average	–14.6	14.0	9.3
Dayton Hudson/department stores	62⅝	4.27	5.04	5.68	30	average	6.7	17.1	11.0
Deb Shops/apparel stores	12⅞	1.08	1.22	1.32	9	average	6.4	17.5	9.8
Digital Commun Assoc/comp equip	20	1.20	2.15	2.12	20	average	1.4	16.2	9.4
Digital Equipment/computer equip	83¼	7.94	7.58	7.67	42	average	–14.6	15.1	10.9
Donaldson/auto parts	21½	1.55	1.92	2.07	6	average	–0.9	14.3	10.4
DPL/electric utility	30¼	3.11	3.42	3.33	19	high	–0.2	13.2	9.1
E-Systems/defense electronics	30⅞	2.57	3.05	3.06	26	very high	–1.2	16.5	10.1
AG Edwards/securities brokerage	22⅞	2.32	2.65	2.75	7	high	9.5	15.4	8.3
EG&G/electronics	32¾	2.35	2.79	2.82	12	average	0.0	18.9	11.6
Equitable Iowa Cos/insurance	30¾	3.15	4.63	4.29	4	average	11.1	10.2	7.2
Family Dollar Strs/discount stores	10⅛	0.78	0.96	0.96	13	low	–8.5	17.9	10.5
Fedders/climate-control equip	13½	1.16	1.35	1.36	7	high	0.7	15.9	9.9
Ferro/specialty chemicals	25¾	2.26	2.46	2.44	7	average	–3.9	17.1	10.6

NA: Not available

Sources: Institutional Brokers Estimate System; Media General (5-year average P/E).

Cheap—but why?

			1990 estimated earnings per share					P/E	
Company/business	Recent price	Latest 12-mo EPS	"flash"	average	number	confidence factor	3-mo change	5-year average	1990 estimate
First American Cp TN/banking	21	$0.79	$2.65	$2.65	12	average	- 7.0%	13.6	7.9
First Eastern Cp PA/banking	30½	3.18	3.47	3.51	4	high	1.1	14.0	8.7
First Executive/insurance	9⅝	0.65	2.04	2.01	13	average	–3.8	9.8	4.7
First Tennessee National/banking	24⅞	1.89	3.28	3.32	10	average	3.1	10.7	7.5
Fleet Norstar Finl Group/banking	26¼	3.28	3.57	3.63	29	high	–1.3	9.8	7.2
Fleetwood Ent/recreational vehicles	23⅞	2.56	2.36	2.64	3	very high	–13.7	13.5	9.0
Fleming Cos/food distributing	28⅞	2.64	NA	3.05	14	high	–8.4	16.5	9.5
Georgia-Pacific/paper & forest prods	47⅞	6.94	6.05	6.38	23	average	3.4	15.9	7.5
Gerber Scientific/computer equip	16¼	1.39	1.41	1.64	4	average	–10.3	19.7	10.2
Gibson Greetings/greeting cards	25	2.44	2.55	2.66	9	high	–1.1	12.9	9.4
Goulds Pumps/pumps	17¾	1.28	1.61	1.58	10	average	–12.2	17.8	11.2
Great Lakes Chemical/chemicals	47¾	3.40	4.01	3.98	16	average	–3.8	16.5	12.0
Great Westn Finl/savings & loan	17⅝	1.84	2.63	2.58	16	average	2.3	9.6	6.7
Green Tree Acceptance/finl services	15⅛	1.43	1.85	1.88	8	average	19.7	12.7	8.0
Guilford Mills/textiles	24	2.53	2.58	2.72	11	average	–11.6	13.4	8.8
Harsco/metal fabricating	25¾	–0.08	2.30	2.39	9	low	–9.8	19.0	10.8
Hartmarx/retailing	19⅜	1.50	1.41	1.74	12	low	–15.9	16.9	11.1
Hasbro/toys	18¾	1.52	1.80	1.81	13	average	0.5	17.9	10.4
Heilig-Meyers/furniture stores	20⅛	1.57	1.95	1.96	8	high	–4.3	19.3	10.3
Hexcel/aerospace	19	1.64	1.66	1.91	10	low	–20.7	15.4	9.9
Hovnanian Enterprises/home building	7¾	1.15	1.57	1.58	5	average	4.6	9.8	4.9
Huntington Bancshares/banking	20	2.19	2.43	2.47	10	high	0.0	11.0	8.1
IBM/computer equip	94¾	9.40	9.79	9.95	42	average	–12.2	15.0	9.5
INB Financial/banking	28¼	3.36	NA	3.79	9	very high	0.2	12.7	7.5
Ingersoll-Rand/industrial machinery	48½	3.65	4.28	4.44	20	average	0.2	16.7	10.9
Integra Financial/banking	25¼	2.74	3.10	3.13	5	high	–1.2	11.5	8.1
International Paper/paper	56⅝	7.72	6.34	6.89	24	low	–1.7	18.7	8.2
Interstate Power/electric utility	25⅛	2.56	2.40	2.28	5	average	3.6	16.2	11.0
ITT/multicompany	58¾	5.91	6.42	6.61	21	high	–0.4	14.0	8.9
James River/paper	28½	2.89	2.96	3.11	13	average	–1.8	14.6	9.2
JP Inds/plumbing and trans prods	12⅝	1.28	1.37	1.42	9	average	–1.3	12.7	8.9
K mart/discount department stores	34¼	3.67	4.01	4.17	37	average	–4.5	15.3	8.2
Kaman/aerospace	9⅛	0.45	1.33	1.35	5	high	–17.1	11.6	6.8
Kellwood/apparel	22	2.74	2.84	3.08	9	average	–8.0	11.8	7.1
Kemper/insurance	46	6.15	4.65	4.59	16	average	4.0	16.5	10.0
King World Productions/TV programs	38	2.90	3.30	3.28	11	average	0.3	18.2	11.6
Lennar/home building	19⅝	2.80	2.80	2.99	4	average	–5.9	17.0	6.6
Liz Claiborne/apparel	24	1.71	2.12	2.06	16	high	5.1	17.7	11.7
Loral/aerospace	30	3.35	3.63	3.66	19	average	–2.6	14.5	8.2
Louisiana Pacific/forest products	42⅜	4.50	5.02	4.25	17	low	3.6	19.8	10.0
Mapco/coal, gas, oil	39½	2.94	3.60	3.79	8	average	–0.5	13.9	10.4
Mark Twain Bancshares/banking	17¾	2.08	2.25	2.35	4	average	–4.0	12.8	7.6
Masco Corp/building materials	24⅛	1.76	2.23	2.26	16	average	–9.6	17.5	10.7
Measurex/precision instruments	23½	2.16	1.98	2.27	14	average	–10.9	16.7	10.4
Melville/specialty retailing	44	3.29	3.95	4.00	19	high	–0.4	16.0	11.0
Merchants Natl/banking	28	3.33	NA	3.83	8	very high	0.2	15.6	7.3
Midlantic Corp/banking	31⅝	6.49	6.71	6.99	20	high	–0.8	8.9	4.5
Herman Miller/furniture	19⅛	1.67	NA	1.95	3	average	–2.5	15.6	9.8
Monarch Capital/insurance	17¼	1.98	2.30	2.99	11	very low	–18.7	13.0	5.8
Mosinee Paper/paper	17⅝	$1.89	$2.15	$2.13	4	average	0.0%	19.4	8.3

NA: Not available

Sources: Institutional Brokers Estimate System; Media General (5-year average P/E).

Cheap—but why?

Company/business	Recent price	Latest 12-mo EPS	1990 estimated earnings per share "flash"	 average	 number	 confidence factor	 3-mo change	P/E 5-year average	 1990 estimate
Multibank Finl/banking	14⅛	2.76	2.72	2.81	6	average	–17.5	11.0	5.0
National Comp Sys/opt scanning equip	8½	0.42	0.87	1.11	5	average	–9.7	19.1	7.7
Nord Resources/mining	13½	0.87	1.54	1.47	4	low	–9.8	14.4	9.2
North Fork Bancorporation/banking	16⅞	2.25	2.50	2.58	5	high	–4.4	9.6	6.5
Ohio Casualty/insurance	47¼	6.39	5.41	5.40	24	average	4.4	13.2	8.8
Old Republic Intl/insurance	25¼	2.19	3.77	4.08	4	average	5.9	11.0	6.2
Olsten/temporary office personnel	16⅞	1.24	1.60	1.51	6	high	–2.5	18.4	11.2
Paccar/trucks	40¼	5.37	5.03	5.01	10	average	–6.3	12.4	8.0
Pansophic Systems/comp software	16½	1.05	1.50	1.38	10	low	2.9	19.6	12.0
Parker-Hannifin/industrial equip	25¼	2.28	2.40	2.45	19	average	–7.8	17.6	10.3
Pic'n'Save/discount stores	12¾	1.09	1.36	1.47	13	average	–11.9	19.5	8.7
Piccadilly Cafeterias/cafeteria-style rest	14	1.24	1.37	1.35	4	very high	0.7	18.3	10.4
Pier 1 Imports/specialty retailing	10⅛	0.68	0.97	0.96	14	high	–2.0	16.6	10.5
Pioneer Group/mutual fund mgmt	22⅛	2.19	NA	2.61	4	average	–0.7	13.8	8.5
PNC Financial/banking	41⅜	5.27	5.80	5.89	31	high	–1.8	11.3	7.1
Potlatch/forest products	36¼	4.60	4.60	4.47	13	low	–3.6	13.0	8.1
PPG Inds/glass, coatings	40¾	4.19	4.26	4.21	20	average	–5.8	16.9	9.7
Presidential Life/insurance	13½	1.61	1.80	1.94	5	average	1.5	12.9	7.0
Public Svc North Carolina/elec utility	16⅝	1.40	1.57	1.65	3	average	–1.1	13.8	10.1
Puget Sound Bancorp/banking	22¾	1.66	2.85	2.73	7	average	–9.0	15.3	8.3
Quick & Reilly Group/sec brokerage	13⅜	1.20	1.40	1.37	3	very high	9.6	15.4	9.8
Raytheon/electronics	68⅞	7.86	8.67	8.77	33	very high	0.0	11.2	7.9
Reynolds & Reynolds/business forms	24⅛	2.53	2.80	2.82	3	average	0.7	13.6	8.6
Robert Half Intl/personnel svcs	16½	1.11	1.40	1.40	6	high	–2.0	18.9	11.8
Rykoff-Sexton/food distributing	22⅞	1.68	1.95	2.23	5	average	–9.3	19.3	10.3
Ryland Group/construction	19	2.73	3.50	3.40	10	average	4.9	11.3	5.6
Sears, Roebuck & Co/retail, finl svcs	37⅞	2.88	4.65	4.90	31	average	–2.9	12.7	7.7
Shawmut National/banking	20¼	3.51	3.70	3.96	19	high	–3.8	9.8	5.1
Snap-On Tools/hand tools	31⅜	2.65	2.81	2.88	19	high	–5.8	15.5	10.9
South Carolina National/banking	21⅞	2.69	2.95	2.94	7	high	–3.6	10.8	7.4
Southeast Banking/banking	19⅛	3.75	3.64	3.79	21	average	–5.0	17.1	5.0
Springs Inds/electronics	37⅞	3.86	4.01	4.11	13	average	–7.4	18.6	9.2
SPS Technologies/aerospace	42¾	3.92	4.25	4.44	5	average	–4.9	15.5	9.6
Standard Register/business forms	15⅞	1.38	1.47	1.54	5	high	–7.7	14.4	10.3
Summit Bancorporation/banking	17½	2.06	NA	2.30	5	very high	0.0	10.5	7.6
Tandy Corp/retail consum electronics	38	3.65	4.05	4.10	36	average	–3.3	14.9	9.3
TBC/auto parts	12¾	1.04	1.17	1.17	9	very high	0.8	19.7	10.9
Temple-Inland/paper and packaging	66⅜	7.60	7.81	8.07	16	average	–2.5	11.8	8.2
TJ Intl/building materials	24¼	2.29	2.80	2.76	8	average	–0.3	16.1	8.8
Tokheim/gasoline meters	20⅜	0.43	NA	1.72	4	average	–5.4	17.9	12.0
UJB Financial/banking	19¼	2.71	2.95	3.05	12	high	–2.5	10.2	6.3
Unifi/textiles	13½	1.24	1.65	1.61	8	average	–1.8	12.0	8.4
Union Bank San Francisco/banking	23	3.97	NA	4.53	5	very high	–0.4	11.3	5.1
Union Camp/paper & packaging	36⅞	4.59	4.00	4.24	18	average	–3.1	14.6	8.7
United Stationers/office products	16⅜	1.60	1.61	1.65	5	average	–14.9	17.5	9.9
Watkins-Johnson/electronics	21¼	2.82	2.62	2.63	17	average	–3.6	14.8	8.1
Westvaco/paper & forest products	29½	3.42	3.14	3.31	21	low	–3.2	12.6	8.9
Weyerhaeuser/forest prods & packaging	26¾	2.79	2.54	2.58	24	low	–1.9	15.9	10.4
Xerox/office equip	57	3.73	6.53	6.52	15	average	–4.1	14.3	8.7
Yellow Freight System/trucking	26½	2.29	2.26	2.35	22	average	–13.2	18.4	11.3

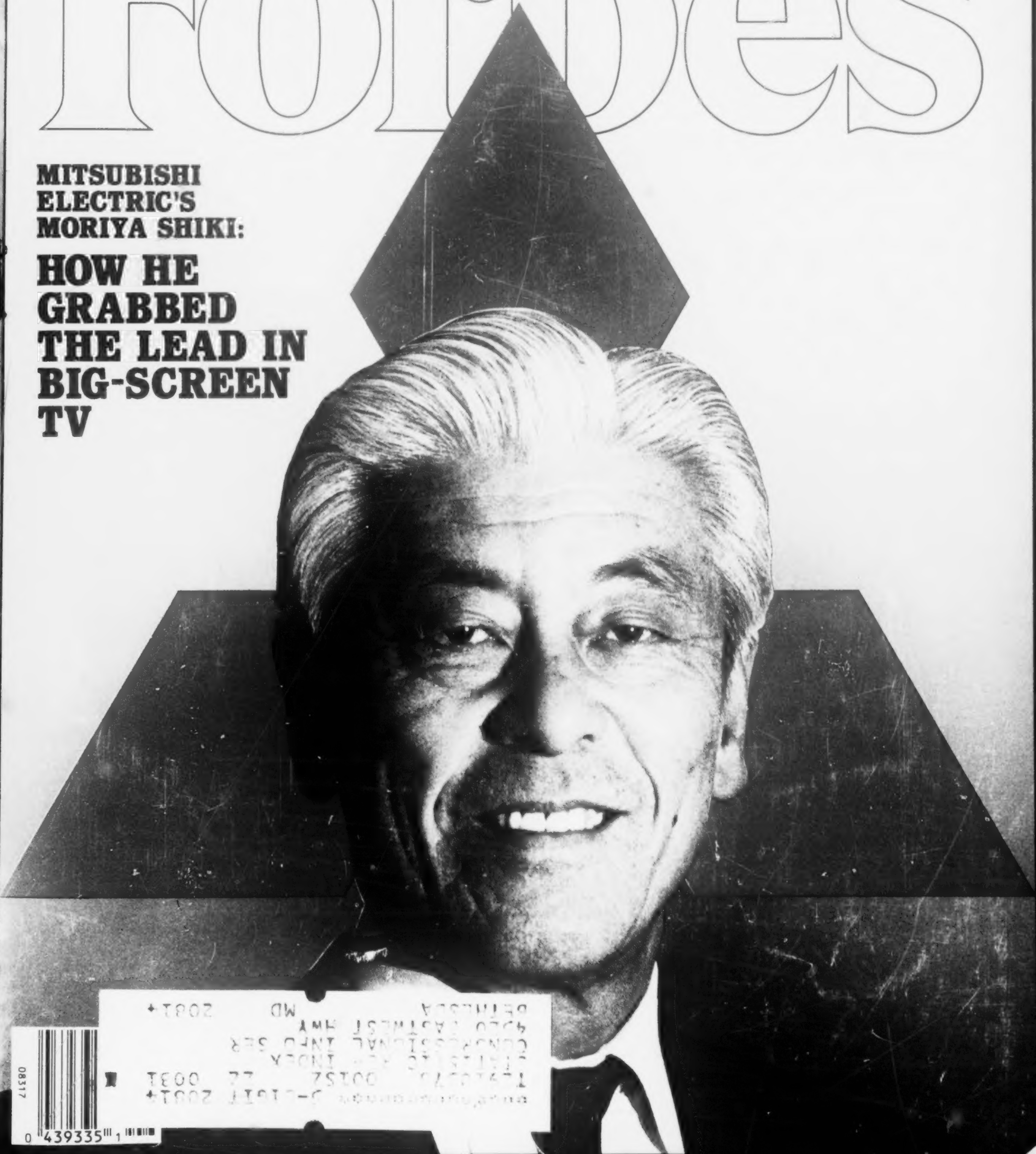
NA: Not available

Sources: Institutional Brokers Estimate System; Media General (5-year average P/E).

DANGER SIGNALS IN SURGING MUTUAL FUND SALES

PERFORMANCE RATINGS ON 640 FUNDS

Forbes



MITSUBISHI ELECTRIC'S MORIYA SHIKI:

HOW HE GRABBED THE LEAD IN BIG-SCREEN TV

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Forbes

112 Cover photograph by David Wade

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NUMBER 3

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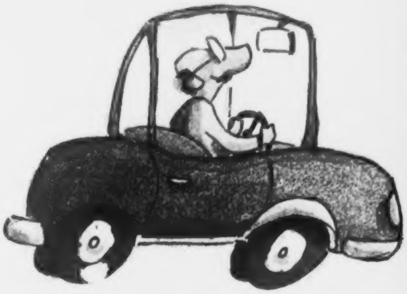

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seasoned film executives either have jumped ship or were fired by Qintex. The company's current chief, Jeffrey C. Barbakow, is a former investment banker from Merrill Lynch.

Like his controlling shareholder Kerkorian, Barbakow puts on a brave face. Insists he: "There is no need to borrow in calendar 1990. From our cash on hand, our continuing cash flow and the transactions we are working on, we have more than sufficient cash to completely finance our 1990 slate."

At the end of the company's fiscal quarter ended Nov. 30, MGM/UA had $127 million in the bank, with the expectation of $31 million more from the sale of a Beverly Hills office building later this month. But at a not outlandish $20 million a movie, production costs could rapidly deplete the funds. Also, at year's end the company's revenue-producing pay TV deal with Home Box Office expired, meaning MGM/UA will have to negotiate a new arrangement at a time when the pay television business has cooled.

MGM/UA Chief Financial Officer Thomas P. Carson agrees that the company has exhausted its $50 million pool of production funds raised by two limited partnerships. But, he notes, a third partnership will soon begin seeking investors, and MGM/UA is seeking foreign money. Lots of luck, Tom.

Most of MGM/UA's more valuable properties have already been pledged or sold as sources of ready cash. The company has no more real estate and has sold the use of its name in the Florida theme park business to Disney. In long-term licensing deals, MGM/UA has mortgaged its film library (consisting largely of the United Artists titles acquired by Kerkorian in 1981). Complains one former MGM/UA banker: "There are so many screwy side deals where they've sold their future, it's hard to know how much they've got and how much they really generate in income."

Kerkorian himself could always write the studio a blank, or at least very large, check. His net worth, FORBES estimates, exceeds $1.3 billion. But subsidies are unlikely: He pumped in $180 million last year and has just embarked on a plan to build a 5,000-room Las Vegas resort and theme park for MGM Grand Inc., his airline and hotel company. This could cost $1 billion before it's finished.

So what's behind all the brave talk from Kerkorian and his aides? Most probably it's an attempt to hold things together until another buyer can be found. The most likely buyer? Ted Turner's Turner Broadcasting System, backed by Time Warner Inc., which owns 18% of Turner. Both Turner and Time Warner's Steve Ross can see unexploited value in the 950-title United Artists film library, which includes the *Rocky* pictures (numbers I through IV), plus the Pink Panther series and 16 James Bond films, including *Goldfinger* and *A View to a Kill*. Time Warner already has the foreign home video rights until the end of 1991 but wants to extend the deal. For his part, Turner needs programming for his newest cable channel, TNT. And though Kerkorian sold most of the MGM library to Turner in 1986, there are still a few promising titles left there to peddle, including *A Fish Called Wanda*, *Moonstruck* and *Willow*.

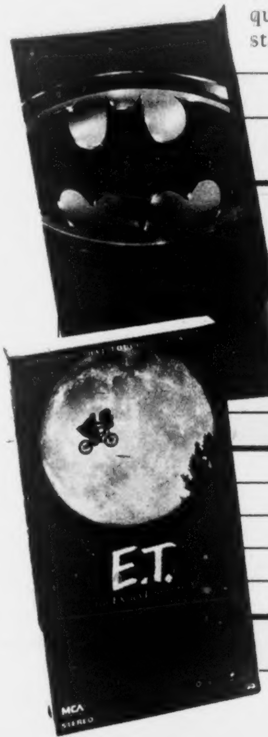
Price? Probably south of $20 a share, in Turner stock, and perhaps some Time Warner paper. Old Leo, much abused and maltreated over the years, is no corpse yet, but he's pretty mangy nonetheless. ■

"I can't do business at 11 cents above cost!" moans a video store owner as prices of hit movie tapes come tumbling down.

Can video stores survive?

By Peter Newcomb

HAS THE VIDEO rental outlet, a relative infant of a business, already passed its prime? Could be. Mass merchants like Wal-Mart and K mart have begun ordering huge quantities of tapes, stacking them next to snowblowers and girdles, and selling them below $20 a tape, often as loss-leaders. Fumes Lou Berg, president of the Video Software Dealers Association and a video store owner: "It seems when something's hot, like *E.T.* or *Batman*, you could go to an Exxon car wash and find the tape below cost. You could buy the product



Photos by DiMicco/Ferris

Liked the movie, loved the tape

Below, a ranking of the ten bestselling videocassettes. All but *Wizard of Oz* were priced for the mass market.

Rank	Title	Units sold (mil)	Estimated studio revenue ($mil)
1	**Batman *(Warner)***	13.0	$195
2	**E.T. The Extra-Terrestrial *(MCA)***	12.5	187
3	**Bambi *(Disney)***	10.5	168
4	**Who Framed Roger Rabbit *(Disney)***	8.5	119
5	**Cinderella *(Disney)***	7.5	124
6	**Land Before Time *(MCA)***	4.0	60
7	**Wizard of Oz *(MGM/UA)***	3.6	51
8	**Top Gun *(Paramount)***	3.5	56
9	**Lady and the Tramp *(Disney)***	3.2	58
10	**Crocodile Dundee *(Paramount)***	2.5	38

Source: Video Marketing Newsletter, *Hollywood, Calif.*

from another mass merchant for less money than you could from your distributor."

Tough, but nobody promised these video merchants an exclusive franchise on what happens to be the hottest item in the entertainment business today. Why should they be surprised that the mass merchants would move in on them once the business reached a critical mass? Confirming the fears of the video store owners were the 1989 Christmas videocassette releases of Disney's *Who Framed Roger Rabbit* and *Bambi*, and Warner Bros.' *Batman*.

The films were all released by the studios at prices that allowed mass merchants such as K mart and department stores such as Sears, as well as thousands of grocery stores and gasoline stations, to retail them at around $17; at normal video store markups, the tapes would go for $20 or so. All three became instant bestsellers, grossing among them $500 million *(see table, p. 39)*.

Another shoe dropped when the video rental stores heard that the third *Indiana Jones* sequel, *Lethal Weapon II*, and *Honey, I Shrunk the Kids*—all box-office hits and would-be rental champs—will be available at similar prices.

"We eventually sold *Batman* for 11 cents above cost," complains Berg. "I can't do business at 11 cents above cost!"

It used to be that the studios released all tapes at $89.95 list, or about $65 wholesale. Few consumers would pay nearly $90 to see a movie, so the chief customers were video rental stores that would then rent the tapes out for $2 or $3 a night. A hot tape could easily recoup its cost within a couple of months.

But in the last year or so, it has dawned on the studios that they can sell 2 million or more copies of a hit cassette rather than the more usual several hundred thousand if the retail price is right, around $20. In video trade jargon, marketing tapes directly to consumers is called the sell-through market, and its growth in recent years has been staggering.

Why will people buy a tape for $20 that they will probably view once or twice when they could rent it for $2 a shot? Good question, but the answer is: Americans are collectors. After all, they pay $20 for hard-cover books they will read only once—if that.

Hollywood has long since found out that videotapes are more than a mere sideline. The studios realized over $3.2 billion in revenue generated from videotape sales last year, 50% more than they got from theatrical releases *(see chart)*. Nearly 18% of that gross was accounted for by just five releases. It is these releases that the mass merchants are selling.

Alexander & Associates, a New York City-based video consulting firm, reports that mass merchants and department stores sold more than twice as many videos as video stores in the fourth quarter of 1989. Already the video stores' 17% market share looks pale next to mail order's 17% and grocery stores' 12% share.

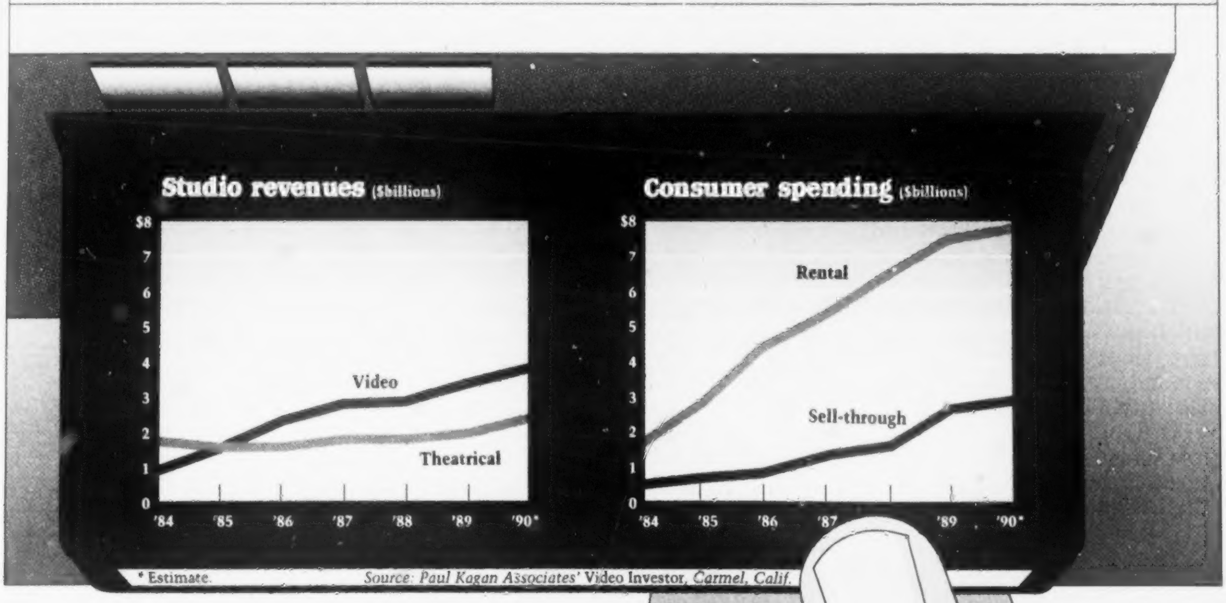
But if the video stores are a shrinking part of the business, they are not necessarily doomed. Note, for example, that last year's biggest sell-through hit, *Batman*, which sold 13 million copies, was also a heavy renter. According to Alexander & Associates, *Batman* set rental records, renting 11.6 million times in three weeks after it was released in video. Most of this rental business went to the video stores.

Moreover, for true movie buffs—and they are legion—a rack loaded with a few dozen of the latest hits will not satisfy their movie lust. Every year now, between 3,000 and 4,000 titles are released in the U.S. But only a handful are released at the mass market price. Your typical supermarket or K mart rack stocks maybe 200 titles at one time, and as soon as sales slow, the title disappears.

Richard Cohen, senior vice president of Disney's Buena Vista home video division, is one studio executive who thinks—and hopes—the rental business will remain viable. Disney intentionally did not release its box office hit *Three Men and a Baby* at mass market prices, choosing instead to list

Staying home to go out to the movies

In 1986 videocassettes overtook theater as America's preferred medium for viewing movies. The result: more money to Hollywood studios and to those selling and renting videotapes. But as sell-through makes its ascent, the rental business appears to be reaching a plateau. Can the mom-and-pops survive?



* Estimate. *Source: Paul Kagan Associates'* Video Investor, *Carmel, Calif.*

it at $89.95 a tape. It sold a rather modest (by *Bambi* standards) 690,000 copies but made Disney almost $40 million. At mass market prices, Disney would have had to sell over 3 million copies of the film to match its profit from the rental market. That's because the rental market's higher prices mean higher profit margins.

"From our point of view, we regard the sell-through and rental businesses as two related but distinct businesses," says Cohen. "Any indication that one is cannibalizing the other is bad news to us."

Herb Fischer, senior vice president of sales and marketing for MGM/UA, agrees. He notes that MGM/UA decided not to release its hit film *Rain Man* (box office gross: $170 million) into the sell-through market, releasing it instead at $89.95, thus pricing it out of the mass market. At that price *Rain Man* has sold around 600,000 copies and brought MGM/UA around $30 million in badly needed revenues *(see preceding story)*. Would MGM/UA have done better selling it to the mass market? Perhaps there are millions of households out there that want to own the film. But probably there aren't.

The proliferation of video stores is certainly over. But the business is not dead. It will simply require more ingenuity. For his 60-store Omaha-based chain, Applause Video's Allan Caplan spent $7,700 for about 540 copies of *Who Framed Roger Rabbit*—to rent. As of Dec. 15, Caplan's return was $28,000 in rental alone. Caplan noticed that about a third of *Rabbit* inventory wasn't moving. He pulled them, shrink-wrapped them, and sold them to the public as "previewed" (i.e., used) tapes at $8.88.

"That brought my cost of acquisition down to a little under $6,000," Caplan smiles. "Since then rental activity has brought me to $33,000."

Pressing their usefulness to the studios, the retailers are beginning to ask for some favors. Example: The studios currently grant airlines a crack at their films before releasing them on video. The video store operators are now demanding a similar exclusive two-to-three-week window over the mass merchants. Another request: Give the rental firms a break on the cost of the videotapes.

The studios, not wanting to kill the video stores, will likely cooperate. They hardly want to end up at the tender mercies of K mart or Wal-Mart. "The local specialty stores are our lifeblood," says MGM/UA's Fischer. "We've had differences, like any marriage, but we do love each other." ■

Is Wall Street a place or a system? If two recent government reports are correct, Wall and Broad may one day become a picturesque shopping mall.

"The market is a price, not a place"

By Richard L. Stern

TWO SOON-TO-BE-RELEASED congressional studies, one from the General Accounting Office, the other from the Office of Technology Assessment, are sharply critical of the way in which securities currently are traded in the U.S.

The 50-page General Accounting Office study, due out in March, questions whether the Securities & Exchange Commission has complied with a 1975 congressional mandate to eliminate regulations that give the New York Stock Exchange a monopoly on trading its stocks.

The Office of Technology Assessment, for its part, has just completed one of the most thorough examinations of the U.S. markets in years. Its 500-page report says that the U.S. exchanges are far behind in using the computer technology that is available to make them cheaper and more efficient. U.S. securities exchanges are moving too slowly toward full computerization of their markets, the report warns, adding that unless they get a move on, they may not survive as efficient global traders. A Wall Street pension fund, say, will soon be able to move big blocks of stock through Tokyo as easily as through the Big Board. Junius Peake, a stock market consultant and one of the first architects of a prototype electronic national market, explains: "The market is a price, not a place."

Among other things, the Office of Technology Assessment concludes:

- "Soon the specialist system may be unredeemably obsolete." This is a blow against the New York Stock Exchange, which has energetically resisted any major tinkering with its Rule 390, which requires that its member firms bring all orders in exchange-listed stocks to exchange-floor specialists.

Chas B Slackman

- The Securities & Exchange Commission and the Commodities Futures Trading Commission should be merged into one superagency as the best way of regulating program trading, program arbitrage and other trading techniques that have linked the trading of futures and underlying stocks inexorably together.
- The open outcry systems on the Chicago futures and options exchanges are "colorful but archaic" and do not meet the demands of the fast-paced, 24-hour trading environments of the future.

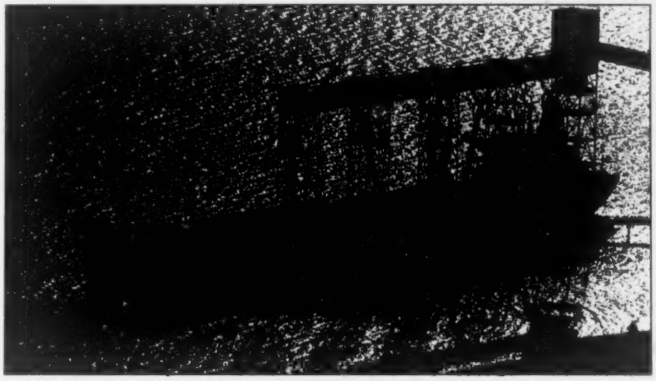
The thrust of both reports, particularly that of the Office of Technology

World shipping has recovered smartly from the 1986 slump. Is the recovery over? Or are the shipping stocks just resting?

Ships ahoy!

By Spyros Manolatos

SHIPPING STOCKS were hot in last year's first half, rising 50% faster than the S&P 500. From a low point in 1986, the world shipping business has recovered, and the market has reflected the gain. But in the second half of 1989 the stocks went into the doldrums, underperforming the market. Is the rise over in shipping stocks? Or are they just resting?


George Hall/Woodfin Camp

Strong demand, limited supply mean profits for tankers

Just resting, says James Winchester of Mabon, Nugent, and a good many other shipping analysts as well. "In a nine-inning ball game," says Winchester, "we are probably in the fifth inning for the dry cargo business, and the fourth for the tanker business."

He has a point. Consider the tanker business. An index measuring charter rates for tankers is now at 63, versus 27 in 1986 and 48 last year. A tanker can bring in $21,000 per day, compared with $4,000 in 1986. Oil is hot today in world trade. With oil at around $20 per barrel, high-cost domestic producers are out of business, and OPEC is gaining market share, creating a strong demand for tankers. "OPEC can't go from 18 to 20 to 23 million barrels per day without the added production going on vessels," says James Dowling of Furman Selz, considered the dean of shipping analysts. World oil demand could grow by 1% to 2% over the next five years, but demand for long-haul crude like OPEC oil could expand 4% to 5% a year.

Meanwhile, the supply of tankers has grown only slowly. It did not increase at all from 1977 to 1987. Then it moved up by 1%. That rate is not expected to change dramatically because of the cost of building a new tanker: A very large crude carrier (VLCC), which would have cost $40 million to build in 1986, would now cost at least $80 million.

How long will market conditions remain favorable? "Supply is fixed for the next two or three years," notes Thomas Sweeney, who manages the Fidelity Capital Appreciation fund and has invested 9% of his portfolio in shipping stocks. "So, if demand continues to grow, we are going to have some really boom times ahead." Gerhard Kurz, president of Mobil Shipping & Transportation, agrees. "The tanker market over the next five years should look very healthy," says he.

The tanker business is not the only one with favorable market conditions. So is dry bulk shipping—vessels that carry commodities such as iron ore, coal and grain. Since 1986 demand has risen 5% annually, but the supply of dry cargo ships has increased at less than 2% per year. An index of charter rates is now 18% higher than last summer and 200% higher than the summer of 1986. The market is expected to continue strong. One reason, says George Zannos, vice president at Chase Manhattan's shipping group, is that the Soviets are likely to import more grain; another, that the Chinese have entered the grain market.

So which stocks are the bulls buying? The table below lists several, including some of Thomas Sweeney's favorites. He has a big position in Oslo-based Bergesen Group, which

Bargain shipping stocks?

A good many people believe that shipping stocks are just resting. Prospects are bright for companies in specialized niches and for tankers and ships that carry dry bulk cargo. Here are some such stocks.

Company	12-month trailing revenues $mil	12-month trailing net income $mil	P/E	Estimated 1989 earnings per share*	Recent price	52-week high	52-week low
Alexander & Baldwin	$874	$213	8	$4.56	36½	39½	32¼
International Shipholding Corp	229	12	10	2.20	21½	23	6
OMI	193	23	13	0.27	11½	11	7⅜
Overseas Shipholding Group	328	53	18	1.45	24¾	25¾	18
Stolt Tankers & Terminals	508	68	11	2.49	23¼	29⅝	16⅝

*Source: Alex. Brown & Sons.

Self-liquidating companies

One novel way to play is to buy stock in companies formed to acquire secondhand vessels. Eventually, the ships will be sold and the companies folded. All but MC Shipping sell at discounts to net asset values.

Company	Debt/ capital	Estimated 1989 price/cash flow	Estimated 1990 price/cash flow	Net asset value per share	Recent price	52-week high	52-week low	Expense ratio
Anangel-American*	0.0%	2.35	4.30	$19.03	16⅞	18⅛	14⅝	4.4
B&H Bulk Carriers	24.6	2.45	2.45	13.32	5¼	13½	4⅞	10.3
B&H Maritime Carriers	21.8	1.83	4.25	17.78	15¼	17½	12¼	7.5
B&H Ocean Carriers	40.4	4.20	4.40	22.55	17½	20¼	14¼	7.5
MC Shipping	40.0	1.18	3.24	14.92	15¼	15⅜	12½	7.9
Nortankers	22.0	0.44	2.98	18.32	15½	18⅜	14	4.6

*Shareholders will vote on whether to liquidate the company in 1992

Source: Mabon, Nugent, except stock data.

owns and operates tankers. He also likes Hong Kong-based Wah Kwong, recently restructured, and two New York-based companies, Overseas Shipholding Group and OMI, which have strong managements and proven staying power. All four operate both tankers and dry bulk cargo ships.

One stock recommended by Michael Carstens at Tucker Anthony is Greenwich, Conn.-based Stolt Tankers & Terminals, which operates a fleet of 85 parcel tankers that carry specialty chemicals; it is the acknowledged leader in its field. Another stock, recommended by Sally Smith at Alex. Brown & Sons, is New Orleans-based International Shipholding Corp., which operates 24 vessels serving such market niches as car carriers and concentrates on medium- to long-term charters.

Another way to invest in shipping's good times is to buy stock in one of the self-liquidating companies formed to buy secondhand vessels *(see table above)*. But be choosy. There has been a proliferation of such companies since the first one went public in 1988, and some are dicier than others.

These companies are "self-liquidating" because, at some point, the ships will be sold and the companies folded, with part of the profits distributed to shareholders. Until the vessels are sold, all cash flow, net of expenses, is paid to equity holders until a specified yield—14% to 15%—plus the initial public offering price is returned. Once the yield is returned, management keeps around 30% of cash flow, and distributes the rest in special dividends to shareholders.

Among these self-liquidators, Anangel-American (FORBES, *Nov. 13, 1989*) has a respected management team, no debt, the lowest expense ratio, and is the only one that promises to pay out 100% of liquidation proceeds to shareholders (the others will pay out around 70%). ■

Watch the series that took lifetimes to create.

Ruby Dee.
Actress, writer, director.

Arthur Ashe.
Professional tennis player and sports commentator.

Father George Clements.
Founder of One Church One Child adoption agency.

Ellis Marsalis.
The Father of Modern Jazz.

Carl Stokes.
Judge and former Mayor of Cleveland.

Marian Wright Edelman.
Head of Children's Defense Fund.

Colin Powell.
Four star general, Chairman of the Joint Chiefs of Staff.

Guy Bluford.
First black astronaut to travel in space.

"Personal Diary" on Black Entertainment TV.

GE proudly presents a new series that took 26 lifetimes to create.

Thanks to the lifework of 26 black men and women, "Personal Diary" was made possible. Because the series was created to highlight their distinguished careers.

From four-star generals to professional athletes to political leaders. Each week "Personal Diary" will profile someone new, someone who's made a real difference.

So watch for "Personal Diary" on BET. It's a series that comes along maybe once every 26 lifetimes.

Check cable guide for listing.

We bring good things to life.

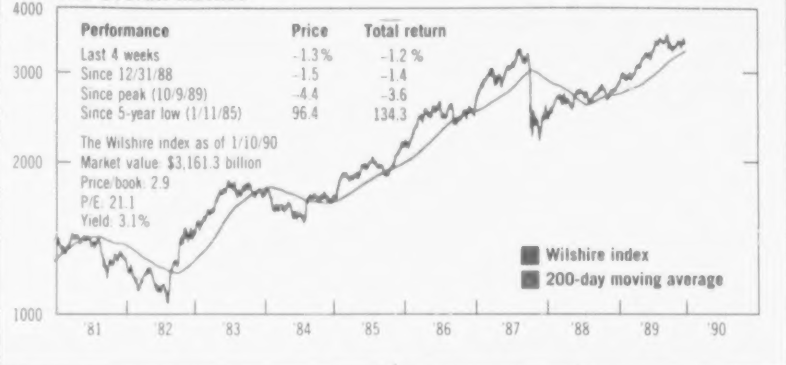
The Forbes Wall Street Review

Edited by Eric S. Hardy

The Dow utility average, which some investors consider a contraindicator of future interest rates (meaning if it goes down, rates are likely to go up), fell a sharp 4.3% during the last two weeks, while the Dow industrials rose 1%. But the Wilshire index, which measures over 5,000 stocks, topped out back on Oct. 9. Since then the Wilshire is off 4.4%, with no sources of strength in sight.

Communism's decline could hurt some careless capitalists. Germany Fund, which has tripled in the past year, now sells at double the value of its portfolio.

The overall market[1]



Performance	Price	Total return
Last 4 weeks	-1.3%	-1.2 %
Since 12/31/88	-1.5	-1.4
Since peak (10/9/89)	-4.4	-3.6
Since 5-year low (1/11/85)	96.4	134.3

The Wilshire index as of 1/10/90
Market value: $3,161.3 billion
Price/book: 2.9
P/E: 21.1
Yield: 3.1%

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,369.43	-0.2%
Wilshire index 6,000 stocks, equal weighted	21.79	3.2
Dow Jones industrials 30 stocks: divisor-adjusted price average	2,750.64	1.0
S&P 500 Capitalization weighted cross-section: major stocks	347.31	-0.4
NYSE Capitalization weighted, all listed common stocks	192.12	-0.3
Amex Capitalization weighted total return: stocks, warrants	378.29	1.4
Nasdaq Capitalization weighted, all issues except warrants	450.70	0.4
Amex international market index Capitalization weighted, 50 largest ADRs	335.44	3.2

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	1035.10	-1.7%
Institutional[3] Approximately 200 stocks with high institutional ownership	113.37	-2.9
Individual[3] Approximately 200 stocks with low institutional ownership	102.08	-3.8
Technology Hambrecht & Quist index	257.35	1.7
Gold[4] (Composite quote of 6 major dealers)	$409.50	0.7
Yen[4] (per $U.S.)	144.95	2.1
Commodity index[4] (CRB futures index, 1967 = 100)	234.10	2.3
Oil[4] (W Texas Intermediate)	$22.90	5.0
T Bills[4] (90 days)	7.47%	-14 basis points
Broker loan rate[4]	9.25%	-25 basis points

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Pan Am	3⅝	45%	NA	Stock climbs on rumors that Carl Icahn may attempt to buy company
Freeport-McMoRan Copper	25	16	9	Increases quarterly dividend 19%, to 64 cents per share
JWP	33¾	15	19	Jamaica Water Supply subsidiary moves a step closer to being acquired by New York City
Chambers Development B	38	15	38	Analysts optimistic about company's recent acquisition of waste-disposal facility
Tandem Computers	25⅛	14	21	Analysts like its recently announced high-performance computer systems

The Worst Performing Stocks

Company	Price	2-week change	P/E	Reason
MGM/UA Communications	14¼	-20%	NA	Plans for sale of company put on hold
Prime Motor Inns	19⅞	-17	8	FORBES article questions accounting methods; Shearson Lehman Hutton lowers its opinion of stock
Midlantic	26½	-16	4	Outlook uncertain for New Jersey housing and commercial real estate markets
Oracle Systems	19½	-16	30	Investors fear company's financial condition may be deteriorating; plans to issue more debt
West Point-Pepperell	36⅛	-13	30	Doubts surface over William Farley's ability to complete acquisition of company

Note: All data for periods ending 1/10/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization-weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]For period ending 1/12/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point. NA: Not applicable.

New Issues Review

Edited by Charles M. Bartlett Jr.

The biggest[1]

Company/business	Exchange	Offer date	Offer price	Recent price	Offering ($mil)	Lead underwriter	Performance to date absolute	Performance to date rel to mkt[2]
PolyGram NV/entertainment	N	12/14/89	16	17 ¾	$224	Prudential-Bache	11%	10%
Enron Oil & Gas/oil & gas exploration	N	10/4/89	18¾	25 ¼	146	First Boston	35	36
First Brands/consumer products	N	12/13/89	19	18 ¾	98	First Boston	–1	–2
Arkla Exploration/oil & gas exploration	N	12/7/89	20¾	22 ⅞	88	Morgan Stanley	10	8
Berlitz International/language schools	N	12/13/89	16½	16 ⅝	83	Goldman, Sachs	1	1
Potash of Saskatchewan/mfg fertilizer	N	11/1/89	15⅜	15 ½	60	Merrill Lynch	–12	–15
Home Nutritional Svcs/infusion svcs	O	12/14/89	16½	15 ⅜	66	Smith Barney	–7	–7
MIPS Computer Sys/computer equip	O	12/21/89	17½	19 ½	63	Morgan Stanley	11	9
Urcarco/retail used autos	O	11/15/89	11	16 ⅜	38	Alex Brown & Sons	49	43
Giant Industries/refinery	N	12/14/89	13½	14 ½	38	Shearson Lehman	7	7

Performance Update

No surprise here: 1989 was another bad year for new issues. According to Securities Data Co. of Newark, N.J., initial public offerings rose from $4.3 billion in 1988 to $4.9 billion last year (that's not counting ADRS, closed-end funds and limited partnerships). Even then some of last quarter's biggest deals were merely corporate restructurings, not genuine IPOS. The largest offering, PolyGram N.V. for $224 million, remains 80% owned by parent N.V. Philips. Enron Corp. and Arkla, Inc. took advantage of an improved market for exploration companies and sold off part of their exploration holdings. London-based Maxwell Communications, a publicly held publishing giant, sold 44% of Berlitz International, a $185 million (revenues) operator of language schools.

First Boston's $98 million offering of First Brands brought this former Union Carbide division back to Wall Street. The division had gone private in 1986, when Union Carbide was fighting an unwanted takeover.

Alex. Brown & Sons continues to dominate the underwriting of small computer software outfits. The two best-performing offered during the quarter were Brown's Parametric Technology and Caere. Another leading new issue was Keegan Management, the largest franchisee of Nutri/System weight-loss centers.

The best[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	Performance to date rel to mkt[2]
Parametric Tech/graphics software	12	$20	Alex Brown & Sons	75%	72%
Caere/recognition software	12	23	Alex Brown & Sons	52	49
Urcarco/retail used autos	11	38	Alex Brown & Sons	49	43
Employee Benefit/pension svcs	12	30	Dean Witter	48	49
Keegan Mgmt/weight-loss ctrs	7	9	HJ Meyers	46	42

The worst[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	Performance to date rel to mkt[2]
Harmonia Bncp/bank holding	10	$27	Shearson Lehman	–20%	–24%
ImmunoGen/pharmaceutical svcs	10	15	PaineWebber	–20	–23
Robec/wholesale computer equip	10½	14	Robinson Humphrey[4]	–17	–16
Industrial Funding/lease equip	12¼	23	Alex Brown & Sons	–16	–18
ECI Environmental/asbestos svcs	9	10	Oppenheimer	–14	–17

The most active investment banker[3]

Underwriter	Total offerings	Total raised ($mil)
Goldman, Sachs	10	$1,437
First Boston	5	586
Shearson Lehman[5]	7	387
Merrill Lynch	9	360
Alex Brown & Sons	16	336

Industries going public[3]

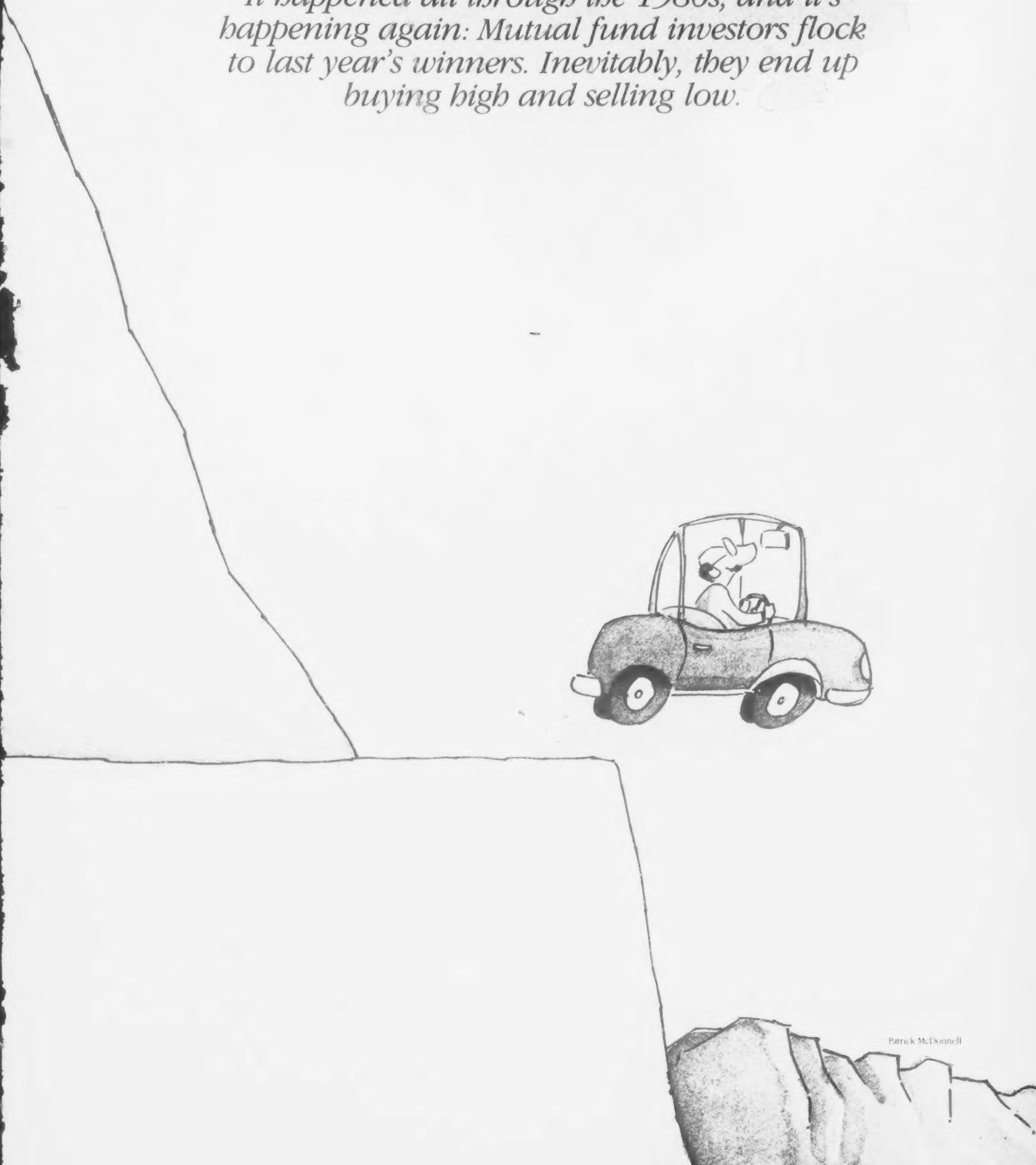
Industry	Total offerings	Total raised ($mil)
Chemicals	2	$987
Oil & gas exploration	3	262
Office equipment	1	252
Entertainment	1	224
Oil producer	1	182

Notes: Initial public offerings of common equities with offer date of 10/1/89 to 12/31/89, offering price of $2.50 or more and offering value of $5 million or more. Closed-end funds, limited partnerships, and ADS (American Depositary Shares) of corporations already traded in foreign countries are excluded. [1]Last quarter. [2]The percentage by which the ending value of $100 invested in the stock exceeds the ending value of $100 invested in the market. [3]Latest 12 months. [4]Subsidiary of Shearson Lehman Hutton. [5]Includes Robinson Humphrey offerings. Source: Securities Data Co.

The Funds

Edited by Jonathan Clements

It happened all through the 1980s, and it's happening again: Mutual fund investors flock to last year's winners. Inevitably, they end up buying high and selling low.



Patrick McDonnell

The perils of investing through a rearview mirror

THE TIMING OF most stock fund investors is so spectacularly bad that you could almost make a contrary indicator out of it. They were cashing in their shares in the late 1970s and early 1980s, when stocks were cheap. They started buying after the bull market of 1982-83 got under way. And their buying reached a crescendo just before the market turned down in June 1983. They were selling again at the end of 1984, as the market was getting ready for a powerful upward swing.

Some folks never learn. The public was again a heavy buyer of mutual fund shares in the summer of 1987, just in time for the crash. Following the October 1987 crash, fund investors stayed away from the market in droves, while stocks bounced back.

All this makes the recent activity in the fund business at least a little bit ominous. The market shot up 27% last year, putting investors in a buying mood again for equity mutual funds. It makes one wonder if the market is about to collapse, for the sheep once again are flocking to the shearing sheds.

In late December, for instance, the Vanguard Group had to activate its 100-strong "Swiss army," a motley crew of senior management, accounting personnel and money market fund managers who are drafted to answer the phones when business gets hectic. At the Fidelity Investor Center in Boston, the lunchtime crowd now queues five and ten deep, waiting to open accounts and make new investments. Denver's Janus Group received 22,000 requests for propectuses in December, up from 8,000 for all of 1988.

Net sales of equity funds may well have topped $2 billion in December, the industry's first $2 billion month since September 1987, just before the market crash. January promises to be even better. We can't predict when sales will top out, but it's a reasonable bet that when the dust settles the selling peak will have been very close to a market peak.

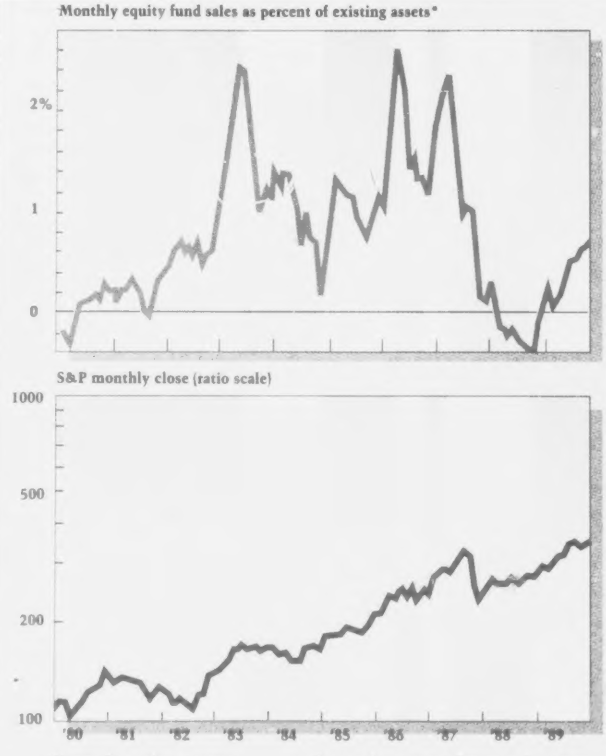
Look at the chart on page 186, which shows that investors tend to sell stock funds after the market has tanked and buy only after equities have posted healthy gains. If you had run with the crowd, you would have been out of the market for most of the last decade, and you would have been in it at almost the worst possible times. Your total return for the 1980s would have been 16%. If you had bought and held, you would have made 400%.

Investors don't do much better at sector selection. United Services-Gold Shares was the third-poorest-performing fund in 1988, and the second best in 1989. Shareholders' response was all too predictable. "In the first part of 1989, we lost about $40 million in actual ~~shareholder~~ money," says J. David Edwards, the fund's chief investment officer. "We got that back, plus some, in the final part of the year."

The timing of fund investors is so consistently wrong that it looks like the old odd-lot indicator. That was a measure of buying and selling in lots of under 100 shares (i.e., by small investors), the idea being that at crucial turns in the market smart investors should do the opposite of what small investors were doing. In a market where small investors no longer invariably trade in odd lots, this indicator has lost its usefulness. But the stock-fund indicator looks like a handy replacement. The formula would be pretty simple: Do your buying when the Investment Company Institute is reporting net redemptions by holders of equity funds. Get out when fund sales are setting records.

Bad timing

Stock fund investors were terrible market timers in the 1980s. Anyone who got into the market during fund buying peaks and got out when fund sales were in the doldrums would have been invested for only a few years (blue shading)—and not very good years at that. Cumulative return for the hypothetical crowd-follower: 16%, against 400% for a buy-and-hold strategy.



Monthly equity fund sales as percent of existing assets*

S&P monthly close (ratio scale)

*3-month moving average.

Source: Investment Company Institute

If you aren't into technical indicators and timing, you can still draw some wisdom from the 1980s. One lesson is to take the long view, so that you aren't tempted to bail out after a crash or to jump in heavily after a long, sustained rise. Twentieth Century Select, the $2.8 billion growth fund that picks companies based on earnings and sales momentum, is a risky fund, if you measure risk by month-to-month volatility. For the patient investor, though, it's not risky, as some arithmetic by San Francisco fund analyst Kenneth Gregory shows. Analyzing Select's record since 1975 on a quarterly basis, he found that Select would have outperformed a money market return in 47 of the 49 overlapping three-year periods. The poorest three-year performance was a gain of 7% a year. Gregory advises fund buyers to plan on holding their funds for at least three years, and preferably longer.

Next, invest with good stock pickers. A good place to start is with the table on the facing page, where we offer our semiannual update on 447 stock and balanced funds. Pay particular attention to down-market grades. Funds like Lindner, Nicholas and Selected American Shares make the FORBES honor roll by earning a B or better in bear markets while maintaining a healthy long-term total return *(Sept. 4, 1989)*.

The problem with any fund-rating system is that it tends to give credit to fund managers whose investing style has recently been working well. But this is no guarantee that it will continue to work well. Even the best-performing funds will have dry periods. Selected American Shares' Donald Yacktman has put together a fine record by using free cash flow analysis to buy companies with market values of $1 billion and up. The rating system tells you that Yacktman will probably do better than most stock pickers if we continue to have a market that favors S&P 500-type companies. The rating system cannot, however, tell you whether big-company stocks will continue to perform well. However, if you are comfortable with Yacktman's style and won't worry if he lags sometimes, you could do worse than to buy his fund on the record.

Finally, remember that measures of recent performance (last-quarter or last-year returns) are always heavily influenced by cyclical factors that can easily reverse. Small-company stocks had yet another relatively poor year in 1989, and disenchanted investors are going elsewhere to get some action. But the recent poor performance of small-company stocks makes them relatively cheap now. Thus, a fund that specializes in them could be a very good investment. In this sector fund analyst Kenneth Gregory recommends Nicholas Limited Edition, GIT Equity Trust-Special Growth, Acorn and Pennsylvania Mutual.

Now to the FORBES ratings. Rated are stock and balanced funds that have at least $2 million in assets and that have been around for at least two market cycles, as determined by the S&P 500 average. The two most recent market cycles span the period since June 30, 1983. Stock funds that date back to Nov. 30, 1980 are rated over three market cycles. Foreign equity funds are rated over different market cycles, as determined by a Morgan Stanley Capital International dollar-adjusted overseas index.

Data for the tables come from the FORBES/CDA Mutual Fund Evaluator, a microcomputer-based screening and reporting package, with additional information coming from New York's Lipper Analytical Services. Taxable bond funds are in a table beginning on page 192. The municipal bond fund table is on page 194.—**J.C.**

Fund Ratings

Stock and balanced funds

Fund	Performance in —markets—		12-month total return
	UP	DOWN	
ABT Growth & Income Trust	B	D	15.1%
ABT Invest-Emerging Growth	A	D	32.5
ABT Invest-Security Income	D	A	17.4
ABT Utility Income Fund	D	A	34.0
*Acorn Fund	B	C	21.5
Adams Express	C	B	38.7
Affiliated Fund	B	B	23.5
*Afuture Fund	F	C	14.1
Aim Convertible Securities	D	D	14.8
Aim Equity-Charter Fund	C	B	37.9
Aim Equity-Constellation Fund	A+	F	37.6
Aim Equity-Weingarten Equity Fund	A+	D	35.9
Aim Summit Fund	B	D	30.7
Alliance Balanced Shares	A	B	13.8
Alliance Dividend Shares	A	B	25.2
Alliance Fund	B	D	23.5
†Alliance Global-Canadian Fund	D	B	21.7
Alliance International Fund	B	C	29.3
Alliance Quasar Associates	A+	D	28.2
Alliance Technology Fund	A+	D	6.0
AMA Growth Fund-Classic Growth	D	D	20.2
Amcap Fund	C	B	26.8
American Balanced Fund	B	B	21.4
American Capital Comstock Fund	C	A	30.4
American Capital Convertible Sec	B	C	14.5
American Capital Enterprise Fund	B	D	30.9
*American Capital Exchange Fund	C	D	28.0
American Capital Harbor Fund	B	D	20.6
American Capital Pace Fund	C	A	28.3
American Capital Venture Fund	D	A	29.0
American Growth Fund	D	A	24.7
American Investors Growth Fund	C	F	33.5
American Leaders Fund	D	A	11.7
American Mutual Fund	D	A	25.1
American National Growth Fund	B	C	24.3
American National Income Fund	D	A	25.5
AMEV Capital Fund	B	B	38.2
AMEV Fiduciary Fund	A	C	40.2
AMEV Growth Fund	A	C	42.6
Amway Mutual Fund	C	C	32.4
*Analytic Optioned Equity Fund	D	A	17.8
*Armstrong Associates	D	C	14.1
†ASA Limited	D	D	47.5
Axe-Houghton Fund B	B	D	20.6
Axe-Houghton Stock Fund	A	F	29.8

Fund	Performance in —markets—		12-month total return
	UP	DOWN	
*Babson Growth Fund	B	D	22.1%
Baker, Fentress & Co	C	B	19.0
Bancroft Convertible Fund	D	D	10.7
*Bartlett Capital Trust-Basic Value	C	A	11.7
*Bascom Hill Investors	D	A	16.0
*Beacon Hill Mutual Fund	D	B	21.1
Bergstrom Capital	C	A	28.7
Boston Co Capital Appreciation Fund	B	C	24.4
Bridges Investment Fund	D	B	19.9
Bull & Bear Capital Growth Fund	C	D	29.5
Bull & Bear Equity-Income Fund	D	B	15.1
†Bull & Bear Gold Investors	F	D	19.3
Calvert Fund-Equity	C	C	30.3
Calvert Social Inv-Managed Growth	C	C	18.7
*Capital Exchange Fund	D	B	21.6
Cardinal Fund	B	A	22.1
Castle Convertible Fund	D	B	10.8
Central Securities	C	D	10.1
*Century Shares Trust	B	A	41.3
*Chestnut Street Exchange Fund	B	B	26.3
Cigna Growth Fund	C	C	28.6
Colonial Fund	A	D	21.3
Colonial Growth Shares Trust	A	C	29.3
Colonial Strategic Income-Diversified	D	B	9.9
*Columbia Growth Fund	A	B	27.8
Commonwealth Investment-Balanced[1]	D	A	13.2
Composite Bond & Stock Fund	C	C	12.3
Composite Growth Fund	D	A	11.9
*Copley Fund	D	A	17.8
Country Capital Growth Fund	C	C	26.0
Country Capital Income Fund	F	A	13.5
Dean Witter American Value Fund	C	C	25.8
Dean Witter Developing Growth Secs	D	D	15.0
Dean Witter Dividend Growth Secs	C	A	31.4
Dean Witter Natural Resource Dev	C	C	31.5
†Dean Witter World Wide Investment	D	A	12.0
Delaware Group Decatur Fund-I	C	A	21.3
Delaware Group Trend Fund	A+	C	49.4
*Depositors Fund of Boston	B	D	25.6
*Diversification Fund	B	C	24.2
Dividend/Growth-Dividend	D	B	15.3
*Dodge & Cox Balanced Fund	B	C	22.9
*Dodge & Cox Stock Fund	A	B	26.8
Drexel Burnham Fund	D	A	22.5
*Dreyfus Convertible Securities Fund	B	D	15.1

*Fund has no load or shareholder-paid 12b-1 plan. †Foreign funds were rated over down market periods from 10/31/80 to 9/30/82, 3/31/84 to 7/31/84, and 8/31/87 to 10/31/87, and for up market periods from 9/30/82 to 3/31/84, 7/31/84 to 8/31/87, and 10/31/87 to 12/31/89. Foreign market cycles were measured with the dollar-adjusted Morgan Stanley Capital International EAFE (Europe Australia Far East) Index. [1]Formerly Commonwealth Indenture C.

Fund Ratings

Stock and balanced funds

Fund	Performance in UP —markets—	Performance in DOWN —markets—	12-month total return
Dreyfus Fund	D	B	23.5%
*Dreyfus Growth Opportunity Fund	C	D	14.5
Dreyfus Leverage Fund	D	B	20.4
*Dreyfus Third Century Fund	D	C	17.2
Eagle Growth Shares	D	C	51.7
Eaton Vance Growth Fund	B	B	30.2
Eaton Vance Income Fund of Boston	D	A	4.2
Eaton Vance Investors Fund	C	C	20.6
Eaton Vance Special Equities Fund	D	B	23.2
Eaton Vance Stock Fund	C	B	28.5
Eaton Vance Total Return Trust	D	A	33.4
Engex	A	F	15.4
Enterprise Group-Growth	B	B	23.1
*Equity Strategies Fund	D	C	10.3
*Evergreen Fund	B	C	14.7
*Evergreen Limited Market Fund	A	B	20.3
*Evergreen Total Return Fund	D	A	16.8
Excel Value Fund	D	B	18.0
*Exchange Fund of Boston	C	C	20.1
*Fairmont Fund	C	C	6.8
FBL-Growth Common Stock	D	C	13.7
*Federated Exchange Fund	C	C	13.6
*Federated Stock Trust	C	A	12.9
*Federated Stock & Bond Fund	D	A	12.5
*Fidelity Congress Street Fund	A	B	33.2
*Fidelity Contrafund	A	D	43.1
*Fidelity Destiny Portfolio I	A +	B	25.4
Fidelity Equity Income Fund	C	A	18.7
*Fidelity Exchange Fund	B	C	29.4
*Fidelity Freedom Fund	A	C	30.3
*Fidelity Fund	B	B	28.5
Fidelity Growth Company	A	D	43.7
Fidelity Magellan Fund	A +	B	34.5
Fidelity Puritan Fund	A	B	19.6
Fidelity Select-Energy	D	C	42.8
Fidelity Select-Financial Services	C	B	19.4
Fidelity Select-Health Care	A +	D	42.5
Fidelity Select-Prec Metals & Mins	D	C	32.2
Fidelity Select-Technology	B	D	17.0
Fidelity Select-Utilities	D	A	39.0
*Fidelity Trend Fund	A	D	31.3
*Fidelity Value Fund	B	B	23.0
*Fiduciary Capital Growth Fund	C	C	17.9
*Fiduciary Exchange Fund	A	C	29.8
*Financial Dynamics Fund	C	D	22.7
*Financial Industrial Fund	C	D	30.6%
*Financial Industrial Income Fund	C	A	31.1
*†Financial Strategic-Pacific Basin	B	D	20.2
†First Investors Global Fund[1]	B	C	37.7
44 Wall Street Equity Fund	A	F	23.5
44 Wall Street Fund	D	F	5.8
Founders Blue Chip	B	C	35.2
Founders Equity Income Fund	D	A +	25.2
Founders Growth Fund	B	C	41.2
*Founders Special Fund	A	D	38.8
FPA Capital Fund	C	C	24.3
FPA Paramount Fund	C	A	21.8
Franklin DynaTech Fund	C	C	29.5
Franklin Equity Fund	B	D	17.4
†Franklin Gold Fund	C	D	41.8
Franklin Growth Fund	C	B	23.7
Franklin Income Fund	D	A	12.5
Franklin Option Fund	D	B	13.7
Franklin Utilities Fund	D	A +	25.6
Fund of America	C	B	15.5
Fund of the Southwest	D	D	32.8
Fundamental Investors	A	B	28.5
*Gateway Option Index Fund	D	A	19.4
General American Investors	B	D	35.9
*General Securities	C	B	20.5
George Putnam Fund of Boston	A +	C	23.6
Gintel Erisa Fund	D	A	15.0
*Gintel Fund	C	B	23.4
*GIT Equity Trust-Special Growth	B	F	25.1
*GPM Fund	B	D	7.7
Growth Fund of America	B	B	30.0
*Growth Industry Shares	C	C	30.9
†GT Global Growth-Pacific	A	C	48.1
Guardian Park Ave Fund	A	B	23.7
John Hancock Growth Trust	B	D	30.7
Hartwell Emerging Growth	A +	F	38.6
Hartwell Growth Fund	A +	D	35.0
*IAI Regional Fund	A	B	31.1
*IAI Stock Fund	C	B	29.6
IDS Discovery Fund	B	D	30.9
IDS Equity Plus	B	C	29.1
IDS Growth Fund	A	D	36.4
IDS Mutual	C	B	20.3
IDS New Dimensions Fund	A	B	31.6
IDS Progressive Fund	D	B	10.5

*Fund has no load or shareholder paid 12b-1 plan. †Foreign funds were rated over down market periods from 10/31/80 to 9/30/82, 3/31/84 to 7/31/84, and 8/31/87 to 10/31/87, and for up market periods from 9/30/82 to 3/31/84, 7/31/84 to 8/31/87, and 10/31/87 to 12/31/89. Foreign market cycles were measured with the dollar-adjusted Morgan Stanley Capital International EAFE (Europe Australia Far East) Index. [1]Formerly First Investors International Securities.

Fund Ratings

Stock and balanced funds

Fund	Performance in UP —markets—	Performance in DOWN —markets—	12-month total return
IDS Stock Fund	C	B	29.4%
Income Fund of America	C	A+	22.7
Investment Co of America	B	B	29.3
Investment Tr of Boston-Growth Opp	C	D	27.6
Investors Research Fund	B	D	21.5
ISI Growth Fund	F	A	12.1
ISI Trust Fund	F	A+	26.0
***Ivy Growth Fund**	C	A	23.7
***Janus Fund**	B	A	46.3
***†Japan Fund**	A	B	9.7
JP Growth Fund	D	B	31.1
Kemper Diversified Income Fund	F	A	8.0
Kemper Growth Fund	B	D	30.7
†Kemper International Fund	B	C	18.1
Kemper Summit Fund	A	D	26.1
Kemper Technology Fund	B	D	24.7
Kemper Total Return Fund	A	F	19.8
Keystone America Omega	B	D	32.9
Keystone Custodian K-1	C	C	19.7
Keystone Custodian K-2	B	D	24.0
Keystone Custodian S-1	C	C	29.1
Keystone Custodian S-3	B	D	24.8
Keystone Custodian S-4	A	F	23.6
†Keystone International Fund	D	B	4.0
†Keystone Precious Metals	D	D	24.6
†Kleinwort Benson-International Equity	B	C	22.6
Legg Mason Value Trust	B	B	20.0
Lehman Capital Fund	A+	B	39.8
Lehman Corp	C	B	23.8
Lehman Investors Fund	C	B	21.7
***Lehman Opportunity Fund**	B	B	20.8
Lepercq-Istel Fund	D	C	21.6
***Lexington Corp Leaders Trust Fund**	A	C	33.6
***Lexington Goldfund**	D	B	23.8
***Lexington Growth Fund**	B	D	28.1
***Lexington Research Fund**	C	C	27.4
***Lindner Fund**	D	A+	21.2
***Loomis-Sayles Capital Development**	A+	B	17.9
***Loomis-Sayles Mutual Fund**	A+	C	21.6
Lord Abbett Developing Growth	D	D	14.1
Lord Abbett Value Appreciation	B	C	20.0
Lutheran Brotherhood Fund	D	A	26.6
***Mairs & Power Growth Fund**	C	C	27.8
***Mairs & Power Income Fund**	D	A+	17.7
***Horace Mann Growth Fund**	C	C	29.8

Fund	Performance in UP —markets—	Performance in DOWN —markets—	12-month total return
Mass Capital Development Fund	B	C	28.5%
Mass Financial Development Fund	A	D	35.8
Mass Financial Emerging Growth Trust	A	D	25.8
Mass Financial Special Fund	B	D	22.3
Mass Financial Total Return Trust	A	C	23.1
Mass Investors Growth Stock Fund	B	C	50.1
Mass Investors Trust	B	C	36.1
***Mathers Fund**	D	C	10.4
Meeschaert Capital Accumulation	F	A	18.0
Merrill Lynch Basic Value Fund-A	B	B	17.5
Merrill Lynch Capital Fund	C	A	22.8
Merrill Lynch Equi-Bond I Fund	D	B	14.5
†Merrill Lynch Pacific Fund	A	C	15.1
Merrill Lynch Phoenix Fund-A	C	C	13.8
Merrill Lynch Special Value-A	D	D	0.4
†Mexico Fund	A+	C	67.3
MidAmerica High Growth Fund	D	B	15.7
MidAmerica Mutual Fund	D	A	17.5
Mutual Benefit Fund	A	B	28.2
Mutual of Omaha Growth Fund	C	C	33.2
Mutual of Omaha Income Fund	F	A	15.8
***Mutual Series Fund-Mutual Shares**	D	A	14.9
***Mutual Series Fund-Qualified**	D	A+	14.4
National Aggressive Growth Fund[1]	B	D	9.1
National Aviation & Technology	B	D	39.3
***National Industries Fund**	D	C	24.5
National Stock Fund	C	B	26.3
National Telecom & Tech	D	D	16.6
National Total Income Fund	C	B	21.3
National Total Return Fund	B	C	27.3
Nationwide Fund	B	B	33.8
Nationwide Growth Fund	B	B	14.9
Nautilus Fund	D	D	14.1
***Neuberger & Berman Guardian Fund**	A	C	21.5
***Neuberger & Berman Manhattan Fund**	A	C	29.1
***Neuberger & Berman Partners Fund**	D	A	22.7
***Neuberger & Berman Select Energy**	C	C	29.8
***Neuwirth Fund**	A	D	14.2
New Alternatives Fund	D	C	25.0
New England Equity Income Fund	D	A	10.3
New England Growth Fund	A	B	22.3
New England Retirement Equity Fund	C	A	23.3
†New Perspective Fund	C	A	25.6
New York Venture Fund	A	C	34.5

*Fund has no load or shareholder-paid 12b-1 plan. †Foreign funds were rated over down market periods from 10/31/80 to 9/30/82, 3/31/84 to 7/31/84, and 8/31/87 to 10/31/87, and for up market periods from 9/30/82 to 3/31/84, 7/31/84 to 8/31/87, and 10/31/87 to 12/31/89. Foreign market cycles were measured with the dollar-adjusted Morgan Stanley Capital International EAFE (Europe Australia Far East) Index. [1]Formerly Fairfield Fund.

Fund Ratings

Stock and balanced funds

Fund	Performance in UP —markets—	DOWN	12-month total return
Newton Growth Fund	B	D	18.9%
Niagara Share Corp	C	D	26.4
*Nicholas Fund	C	A	24.5
*Northeast Investors Growth	B	C	32.9
Old Dominion Investors' Trust	D	B	16.3
One Hundred Fund	A	D	64.3
Oppenheimer Directors Fund	A	D	19.9
Oppenheimer Equity Income Fund	B	B	18.5
Oppenheimer Fund	C	D	23.6
†Oppenheimer Global Fund	C	C	34.7
Oppenheimer Gold & Special Mins	B	F	34.9
Oppenheimer Premium Income	F	A +	6.8
Oppenheimer Regency Fund	D	D	21.3
Oppenheimer Special Fund	D	C	21.2
Oppenheimer Target Fund	A	D	18.6
Oppenheimer Time Fund	A	D	27.7
Oppenheimer Total Return Fund	B	C	19.0
Over-the-Counter Securities Fund	C	B	19.1
Pax World Fund	C	D	24.7
Penn Square Mutual Fund	C	B	25.2
Pennsylvania Mutual Fund	B	B	16.7
Permanent Portfolios-Permanent	F	A	6.4
Petroleum & Resources Corp	D	D	35.7
Philadelphia Fund	D	C	32.4
Phoenix Balanced Fund	C	B	24.9
Phoenix Convertible Fund	B	B	20.0
Phoenix Growth Fund	B	A	27.4
Phoenix Stock Fund	B	B	21.5
Phoenix Total Return	D	A	18.4
Pilgrim MagnaCap Fund	C	C	23.7
*Pine Street Fund	C	C	24.8
Pioneer Fund	B	C	23.3
Pioneer II	B	B	22.2
Pioneer Three	C	B	20.4
*T Rowe Price Growth Stock Fund	C	D	25.0
*T Rowe Price Growth & Income Fund	C	B	19.2
*†T Rowe Price International Stock Fund	B	C	24.8
*T Rowe Price New Era Fund	C	D	24.2
*T Rowe Price New Horizons Fund	C	D	25.8
Princor Capital Accumulation Fund	D	A	14.2
Princor Growth Fund	B	D	17.6
Provident Fund for Income	B	B	21.7
Pru-Bache Equity Fund	B	B	31.0
Pru-Bache Growth Opportunity	B	D	19.0
Pru-Bache Option Growth Fund	B	B	22.0

Fund	Performance in UP —markets—	DOWN	12-month total return
Pru-Bache Research Fund	B	C	22.9%
Pru-Bache Utility Fund	C	A	37.0
Putnam Convertible Income-Growth	C	D	16.6
Putnam Energy-Resources Trust	D	F	34.8
Putnam Fund for Growth & Income	C	B	20.7
Putnam Health Sciences Trust	B	D	41.9
†Putnam International Equities Fund	C	C	24.6
Putnam Investors Fund	B	C	33.8
Putnam Option Income Trust	D	B	15.4
Putnam OTC Emerging Growth Fund	A	C	28.9
Putnam Vista Basic Value	A	B	25.4
Putnam Voyager Fund	A +	D	34.2
Quest for Value Fund	C	A +	20.0
Rea-Graham Fund	C	C	7.9
Rochester Tax Managed Fund	F	A	10.4
Royce Fund-Value	C	B	15.9
*Safeco Equity Fund	A	C	35.8
*Safeco Growth Fund	B	C	19.2
*Safeco Income Fund	C	A	20.7
Sci/Tech Holdings-A	D	B	10.8
*Scudder Development Fund	D	C	22.9
*Scudder Equity-Capital Growth	A	C	33.4
*Scudder Growth & Income Fund	C	C	26.1
*†Scudder International Fund	B	C	26.8
*Second Fiduciary Exchange Fund	C	C	22.7
Security Action Fund	C	C	18.8
Security Equity Fund	A	D	30.4
Security Investment Fund	D	C	20.4
Security Ultra Fund	C	F	11.6
Selected American Shares	D	A	19.5
Selected Special Shares	B	D	28.5
Seligman Capital Fund	A	D	32.0
Seligman Common Stock Fund	B	B	26.5
Seligman Growth Fund	B	D	33.5
Seligman Income Fund	D	A	15.0
Sentinel Balanced Fund	C	B	19.3
Sentinel Common Stock Fund	C	A	27.5
Sentinel Growth Fund	A	C	26.9
Sentry Fund	C	D	24.0
*Sequoia Fund	D	A +	27.7
Sherman, Dean Fund	D	F	47.3
Sigma Capital Shares	C	B	11.5
Sigma Investment Shares	C	B	28.5
Sigma Special Fund	B	D	16.8

*Fund has no load or shareholder-paid 12b-1 plan. †Foreign funds were rated over down market periods from 10/31/80 to 9/30/82, 3/31/84 to 7/31/84, and 8/31/87 to 10/31/87, and for up market periods from 9/30/82 to 3/31/84, 7/31/84 to 8/31/87, and 10/31/87 to 12/31/89. Foreign market cycles were measured with the dollar-adjusted Morgan Stanley Capital International EAFE (Europe Australia Far East) Index.

Fund Ratings

Stock and balanced funds

Fund	Performance in UP —markets—	DOWN	12-month total return
Sigma Trust Shares	C	C	22.5%
Sigma Value Shares	B	D	27.1
Sigma Venture Shares	C	D	21.2
*Sit New Beginning Growth Fund	A	C	35.1
*Sit New Beginning Income & Growth	C	B	31.2
SLH Appreciation Fund	B	B	30.0
SLH Fundamental Value Fund	D	B	18.5
SLH Investment-Growth	C	C	26.1
SLH Investment-Special Equities	C	D	18.2
Smith Barney Equity Fund	C	C	30.9
Smith Barney-Income & Growth	C	A	25.0
SoGen International Fund	C	A+	17.2
Source Capital	D	A+	22.2
Sovereign Investors	D	A	23.7
Spectra Fund	A	D	31.4
State Bond Common Stock Fund	B	D	42.2
State Bond Diversified Fund	C	B	28.0
State Bond Progress Fund	C	D	28.0
*State Street Exchange Fund	B	C	31.5
State Street Growth Fund	B	C	40.8
State Street Investment Trust	B	C	32.1
Steadman American Industry Fund	F	D	5.8
Steadman Associated Fund	F	C	34.2
Steadman Investment Fund	F	D	9.0
Steadman Oceanographic Tech & Gro	F	F	29.9
*SteinRoe Capital Opportunities	A	F	35.8
*SteinRoe Special Fund	A	C	37.3
*SteinRoe Stock Fund	B	D	35.4
*SteinRoe Total Return Fund	C	F	20.2
Strategic Gold/Minerals Fund	F	C	-17.7
Strategic Investments Fund	F	D	61.3
*Stratton Growth Fund	B	C	23.7
*Stratton Monthly Dividend Shares	D	A+	18.6
Strong Investment Fund	D	A	11.1
Strong Total Return Fund	C	C	2.5
Surveyor Fund	A+	D	24.4
†Templeton Foreign Fund	C	B	30.8
†Templeton Global I	C	B	19.2
†Templeton Growth Fund	C	B	22.9
Templeton World Fund	B	B	22.9
Transamerica Growth & Income Fund	C	C	22.5
Transamerica Sunbelt Growth Fund	C	C	27.2
Transamerica Technology Fund	D	C	12.7
Tri-Continental Corp	B	C	31.3

Fund	Performance in UP —markets—	DOWN	12-month total return
*Tudor Fund	A	C	24.7%
*20th Century Growth Investors	A	D	43.1
*20th Century Select Investors	A	C	39.5
*20th Century Ultra Investors	A+	F	37.0
*UMB Stock Fund	C	B	19.1
*Unified Growth Fund	C	C	18.3
*Unified Income Fund	D	D	9.5
*Unified Mutual Shares	D	B	16.8
United Accumulative Fund	B	B	27.3
United Continental Income Fund	A	D	23.7
United Income Fund	A	A	27.3
†United International Growth	C	A	13.3
United New Concepts Fund	D	C	8.5
United Retirement Shares	B	C	23.2
United Science & Energy Fund	C	C	27.4
*†United Services-Gold Shares Fund	D	D	64.7
*United Services-Good & Bad Times	D	B	16.8
United Vanguard Fund	B	B	18.5
US Trend Fund	A	C	30.5
*USAA Mutual-Aggressive Growth	A	D	16.7
*USAA Mutual-Growth Fund	C	D	27.3
*Valley Forge Fund	F	A+	13.0
*Value Line Fund	C	C	31.0
*Value Line Income Fund	D	A	22.5
*Value Line Leveraged Growth Inv	C	B	32.1
*Value Line Special Situations Fund	D	D	21.9
†Van Eck International Investors	D	C	51.2
*Vance, Sanders Exchange Fund	B	C	29.8
Vance, Sanders Special Fund	D	C	22.1
*Vanguard Explorer Fund	D	D	9.3
*Vanguard High Yield Stock	D	A+	2.9
*Vanguard Index Trust-500 Portfolio	B	C	31.3
*Vanguard Small Cap Stock[1]	B	D	10.4
*†Vanguard Trustees Commingled-Intl	C	A	25.9
*Vanguard Trustees Commingled-US	B	B	17.2
*Vanguard Wellesley Income Fund	D	A+	20.8
*Vanguard Wellington Fund	A	C	21.5
*Vanguard Windsor Fund	B	A	14.[illegible]
*Vanguard WL Morgan Growth Fund	A	C	22.[illegible]
*Variable Stock Fund	D	B	33.6
Wall Street Fund	A	D	21.9
Washington Mutual Investors	B	A	28.9
Winthrop Focus Funds-Growth	D	D	26.7
*WPG Fund	B	C	27.4

*Fund has no load or shareholder-paid 12b-1 plan. †Foreign funds were rated over down market periods from 10/31/80 to 9/30/82, 3/31/84 to 7/31/84, and 8/31/87 to 10/31/87, and for up market periods from 9/30/82 to 3/31/84, 7/31/84 to 8/31/87, and 10/31/87 to 12/31/89. Foreign market cycles were measured with the dollar-adjusted Morgan Stanley Capital International EAFE (Europe Australia Far East) Index. [1] Formerly Vanguard Naess & Thomas Special Fund.

Taxable bond funds

Fixed income funds are rated over three bond market cycles, covering the period Mar. 31, 1980 to Dec. 31, 1989. To be included here, a fund must have been in operation for at least the two most recent bond market cycles—since Sept. 30, 1981—or have $500 million in assets and at least 12 months of performance data. Municipal bond funds are listed separately on page 194.

As with stock funds, the idea is to show how a fund performs in up and down markets. Bond funds are given bull and bear ratings depending on their performance relative to the Merrill Lynch Corporate/Government bond index. Funds holding longer-maturity bonds will usually shine when interest rates fall, while those with the shortest maturities typically perform better in bear markets. Few funds do well in both types of market. Two closed-ends, Transamerica Income Shares and Mutual of Omaha Interest Shares, are exceptions. They earn an A+ for bull market performance and a B for bear markets.

Fund	Performance in UP —markets—	Performance in DOWN —markets—	12-month total return
*AARP Inc Trust-GNMA & US Treasury			11.7%
ACM Government Income Fund			13.7
ACM Government Securities Fund			13.9
Aim High Yield Securities	D	B	-4.0
Alliance Bond-Monthly Income Shares	B	C	13.0
Alliance Bond-US Government			12.5
Alliance Mortgage Securities Income			11.0
American Capital Bond Fund	B	C	4.1
American Capital Corp Bond Fund	C	B	5.2
American Capital Government Secs			14.8
American Capital High Yield Inv	C	D	-11.9
American Funds Income-US Govt Guar			11.7
AMEV Securities	B	D	5.5
AMEV US Govt Securities Fund	C	A	12.4
Axe-Houghton Income Fund	A	B	10.2
*Babson Bond Trust-Long-Term	D	A	15.3
*Benham Treasury Note Fund	D	A	12.0
Blackstone Target Term Trust			10.4
Bond Fund of America	C	B	9.9
Bunker Hill Income Securities	B	D	6.1
Cigna High Yield Fund	B	B	1.2
Cigna Income Fund	B	B	13.5
Circle Income Shares	C	B	10.8
CNA Income Shares	B	D	-4.8
Colonial Government Securities Plus			14.2
Colonial High Yield Securities	C	B	1.1
Colonial Income Trust	C	C	9.0
Composite Income Fund	C	D	5.8
Comstock Partners Strategy Fund			21.2
Current Income Shares	A	D	10.5
Dean Witter Government Income			12.3
Dean Witter Government Secs Plus			14.6
Dean Witter High Yield Secs	B	F	-13.6
Dean Witter US Govt Securities			11.0
Delaware Group Delchester High Yield-I	B	D	1.0

Fund	Performance in UP —markets—	Performance in DOWN —markets—	12-month total return
*Dreyfus A Bonds Plus	D	A	15.0%
Dreyfus GNMA Fund			12.3
1838 Bond-Debenture Trading Fund	F	A+	15.0
Excelsior Income Shares	B	D	13.7
*Federated GNMA Trust			15.0
Federated High Income Securities	C	C	-0.3
*Federated Income Trust			12.5
*Federated Intermediate Government			12.0
*Federated Short-Intermediate Govt			10.3
*Fidelity Flexible Bond Fund	C	D	13.1
*Fidelity Ginnie Mae			13.9
*Fidelity Government Securities Fund	D	B	12.6
*Fidelity High Income Fund	A	C	-3.2
*Fidelity Intermediate Bond Fund	D	A	11.9
First Australia Prime Income Fund			2.8
First Investors Fund for Income	D	D	-8.2
First Investors High Yield Fund			-9.2
Fort Dearborn Income Securities	A+	D	14.4
Franklin AGE High Income Fund	C	C	-3.6
Franklin US Government Securities	D	C	13.0
Fund for US Govt Securities	C	C	13.5
*Global Yield Fund			3.1
Government Income Securities			12.9
John Hancock Bond Trust	B	B	13.0
John Hancock Income Securities Trust	A+	D	12.5
John Hancock Investors Trust	C	B	12.0
John Hancock US Govt Securities	D	A+	11.6
Hatteras Income Securities	B	C	10.6
*IAI Bond Fund	D	C	15.9
IDS Bond Fund	B	B	10.7
IDS Extra Income Fund			-3.5
IDS Selective Fund	A	C	12.3
INA Investment Securities	B	D	11.5
Independence Square Income Secs	A	D	12.3
InterCapital Income Securities	A	D	7.9

*Fund has no load or shareholder-paid 12b-1 plan.

Taxable bond funds

Fund	Performance in UP —markets—	DOWN	12-month total return
Investment Portfolios-Govt Plus			11.5%
Investment Portfolios-High Yield			–3.5
Kemper High Yield Fund	B	A	–1.1
Kemper Income & Capital Preservation	C	B	8.5
Kemper US Government Securities	C	C	14.0
Keystone Custodian B-1	C	D	11.9
Keystone Custodian B-2	C	C	5.1
Keystone Custodian B-4	D	D	–5.1
*Lexington GNMA Income Fund	D	C	15.5
Lincoln National Income[1]	D	A +	17.2
Lord Abbett Bond-Debenture Fund	D	A	5.0
Lord Abbett US Government Securities	D	A	12.8
Lutheran Brotherhood Income Fund	A	B	12.5
MainStay-Government +[2]			13.0
Mass Financial Bond Fund	B	C	13.4
Mass Financial High Income-Series I	B	C	–1.9
MassMutual Corporate Investors	D	A	5.9
Merrill Lynch Corp-High Income-A	D	A	4.3
Merrill Lynch Corp-High Quality-A	B	B	13.6
Merrill Lynch Corp-Intermediate	C	B	12.3
Merrill Lynch Federal Securities			13.6
Merrill Lynch Retirement/Income Fund			13.0
MetLife-State Street Government Income			12.6
MFS Government Markets Income Trust			11.0
MFS Government Securities High Yield			13.2
MFS Intermediate Income			8.7
MFS Lifetime Government Income Plus			11.6
MFS Multimarket Income Trust			7.9
Midwest Income-Intermediate Govt	D	C	10.6
Montgomery Street Income Securities	B	D	9.1
*Mutual of Omaha America Fund	F	A +	14.2
Mutual of Omaha Interest Shares	A +	B	11.2
National Bond Fund	C	F	–11.9
National Federal Securities Trust			13.2
Nationwide Bond Fund	C	D	10.7
New England Bond Income Fund	D	B	11.4
*Nicholas Income Fund	C	C	3.9
*Northeast Investors Trust	A	D	0.0
Oppenheimer High Yield Fund	D	B	3.9
Pacific American Income Shares	B	C	11.2
PaineWebber Fixed Inc-GNMA			12.6
PaineWebber Master Global Income			5.4
Phoenix High Yield Fund	C	C	–0.9
Pilgrim High Yield Trust	C	B	1.9

Fund	Performance in UP —markets—	DOWN	12-month total return
Pioneer Bond Fund	D	B	11.6%
*T Rowe Price High Yield Fund			–1.6
*T Rowe Price New Income Fund	F	A	12.3
Prudential Strategic Income			4.3
Pru-Bache Government Plus			10.4
Pru-Bache High Yield Fund	C	C	–1.3
Putnam GNMA Plus Trust			14.2
Putnam High Income Govt Trust			13.9
Putnam High Yield Trust	B	C	–3.1
Putnam Income Fund	B	B	12.1
Putnam Intermediate Govt Income			10.4
Putnam Master Income Trust			5.7
Putnam Premier Income Trust			8.1
Putnam US Govt Guaranteed Secs			12.7
Revere Fund	F	F	–14.3
*Scudder Income Fund	C	C	12.7
Security Income-Corporate Bond	D	A	9.9
Sentinel Bond Fund	D	A	12.5
Sigma Income Shares	A	D	10.6
SLH High Yield Fund	A	D	–4.7
SLH Income-High Income			–4.6
SLH Income-Mortgage Securities			10.8
SLH Investment-Government Secs			15.1
SLH Managed Governments			10.1
State Mutual Securities Trust	D	B	10.8
*SteinRoe Managed Bonds	C	C	12.6
Templeton Global Income Fund			5.1
Thomson McKinnon-Income			5.5
Thomson McKinnon-US Govt			12.2
Transamerica Govt Securities Trust			11.3
Transamerica Income Shares	A +	B	14.1
Transamerica Invest Quality-Bond	A	D	11.5
United Bond Fund	A	C	10.6
United High Income Fund	B	D	–8.0
USLife Income Fund	A	D	5.5
*Value Line US Government Securities	B	C	11.9
Van Kampen Merritt US Government			13.3
*Vanguard Fixed Income-GNMA	B	A	14.8
*Vanguard Fixed Income-High Yield	C	B	1.9
*Vanguard Fixed Income-Invest Grade	C	A	15.2
*Vanguard Fixed Income-Short-Term			11.5
*Vanguard Preferred Stock Fund	A	C	18.7
Venture Income (+) Plus	C	C	–5.0
Vestaur Securities	A	C	14.7

*Fund has no load or shareholder-paid 12b-1 plan. [1]Formerly Lincoln National Direct Placement. [2]Formerly Mackay Shields Mainstay-Government +.

Municipal bond funds

Funds rated here have at least $100 million in assets and five years of results. Each month since Dec. 31, 1984 is treated as a bull or bear month, depending on the Shearson Lehman municipal bond index. New York and California funds are rated more leniently to compensate for their yield disadvantage in buying only local bonds.

Fund	Performance in UP —markets—	DOWN	12-month total return
*AARP Insured T-F Inc-General Bond	D	D	10.8%
American Capital Muni Bond Fund	B	D	10.4
*Benham Calif Tax-Free-Intermediate	D	A	7.9
*Benham Calif Tax-Free-Long-Term	C	D	9.6
California Tax-Exempt Bonds	C	B	9.9
Calvert Tax-Free Reserves-Limited	F	A+	7.1
Cigna Municipal Bond Fund	A+	D	9.7
Colonial Tax-Exempt-High Yield Fund	D	A	8.1
*Columbia Municipal Bond Fund	C	C	8.6
Composite Tax-Exempt Bond Fund	D	B	7.5
Dean Witter Calif Tax-Free Income	A	D	9.6
Dean Witter Tax-Exempt Secs	B	C	10.6
Delaware Group Tax-Free Fund-USA	C	A	10.5
DMC Tax-Free Income Trust-PA	C	B	9.8
Double Exempt Flex Fund	D	A	9.1
*Dreyfus California Tax-Exempt Bond	D	B	8.6
*Dreyfus Intermediate Tax-Exempt Bond	D	A	8.8
*Dreyfus NY Tax-Exempt Bond Fund	C	C	9.0
*Dreyfus Tax-Exempt Bond Fund	C	C	9.4
Federated Tax-Free Income Fund	B	C	14.0
*Fidelity Calif Tax-Free-High Yield	C	C	9.7
*Fidelity Mass Tax-Free-High Yield	C	C	9.2
*Fidelity NY Tax-Free-High Yield	C	C	9.3
*Fidelity Tax-Free-High Yield	B	C	11.4
*Fidelity Tax-Free-Limited Term Munis	D	B	7.8
*Fidelity Tax-Free-Municipal Bond	B	C	9.5
*Financial Tax-Free Income Shares	A+	F	11.7
First Investors New York Tax-Free	D	B	9.0
First Investors Tax-Exempt Fund	D	A	8.7
Franklin Calif Tax-Free Income	D	A	8.6
Franklin Federal Tax-Free Income	C	C	9.0
Franklin New York Tax-Free Income	C	B	9.6
John Hancock Tax-Exempt Income	A	C	9.0
IDS High Yield Tax-Exempt Fund	B	B	11.4
IDS Tax-Exempt Bond Fund	A	D	11.8
Kemper California Tax-Free Income	B	B	11.4
Kemper Municipal Bond Fund	B	B	11.3
Keystone Tax-Free Fund	C	C	9.1
Limited Term Municipal-National	D	A+	7.9
Lord Abbett Tax-Free-National	B	C	9.5
Lord Abbett Tax-Free-New York	B	B	9.3
Lutheran Brotherhood Muni Bond	B	C	9.9
Merrill Lynch Muni-High Yield-A	C	B	9.1
Merrill Lynch Muni-Insured-A	C	C	9.5%
Merrill Lynch Muni-Ltd Maturity-A	F	A+	6.9
MFS Managed High Yield Muni Bond	D	A	10.6
MFS Managed Muni Bond Trust	B	C	9.7
MFS Managed M-S Tax-Exempt-NC	C	B	9.1
MFS Managed M-S Tax-Exempt-Virginia	D	B	9.3
Mutual of Omaha Tax-Free Income	A	D	10.1
New England Tax-Exempt Income	A	D	9.2
Nuveen Municipal Bond Fund	B	B	10.9
Oppenheimer New York Tax-Exempt	C	B	8.1
Oppenheimer Tax-Free Bond Fund	C	C	9.5
PaineWebber Tax-Exempt Income	C	C	9.2
*T Rowe Price Tax-Free Income Fund	D	D	9.3
*T Rowe Price T-F Short Intermediate	D	A	6.9
Pru-Bache National Municipals	C	D	7.4
Putnam California Tax-Exempt Income	B	B	11.1
Putnam N.Y. Tax-Exempt Income Fund	B	B	10.7
Putnam Tax-Exempt Income Fund	A	C	12.7
*Safeco Municipal Bond Fund	A	C	10.0
*Scudder California Tax Free Fund	B	D	10.4
*Scudder Managed Municipal Bonds	A	D	11.2
*Scudder NY Tax Free Fund	C	C	10.0
Seligman Tax-Exempt-Massachusetts	B	D	8.7
Seligman Tax-Exempt-Michigan	A	D	10.7
Seligman Tax-Exempt-Minnesota	B	D	9.9
Seligman Tax-Exempt-National	A	C	9.8
Seligman Tax-Exempt-Ohio	B	D	9.9
SLH California Municipals Fund	C	C	9.5
SLH Managed Municipals Fund	C	B	10.2
SLH New York Municipals Fund	C	B	9.1
*SteinRoe High-Yield Municipals	C	A	11.4
*SteinRoe Managed Municipals	A+	F	10.6
Tax-Exempt Bond Fund of America	B	D	9.5
United Municipal Bond Fund	A+	D	11.1
*USAA Tax-Exempt Fund-High Yield	B	D	10.6
*USAA Tax-Exempt Fund-Intermediate	D	A	9.2
*USAA Tax-Exempt Fund-Short-Term	F	A	7.4
*Value Line Tax-Exempt-High Yield	D	B	8.3
*Vanguard Muni Bond-High Yield	A	D	11.1
*Vanguard Muni Bond-Insured L-T	A	D	10.6
*Vanguard Muni Bond-Intermediate	D	B	10.0
*Vanguard Muni Bond-Long-Term	A	D	11.6
*Vanguard Muni Bond-Short-Term	F	A+	7.0

*Fund has no load or shareholder-paid 12b-1 plan.

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A NEW THREAT TO CABLE TV

THE RICHEST MEMBERS OF CONGRESS

FEBRUARY 19, 1990

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

A Soviet Economist's Revolutionary Proposal

RUSSIA SHOULD QUIT THE SOVIET UNION

Forbes

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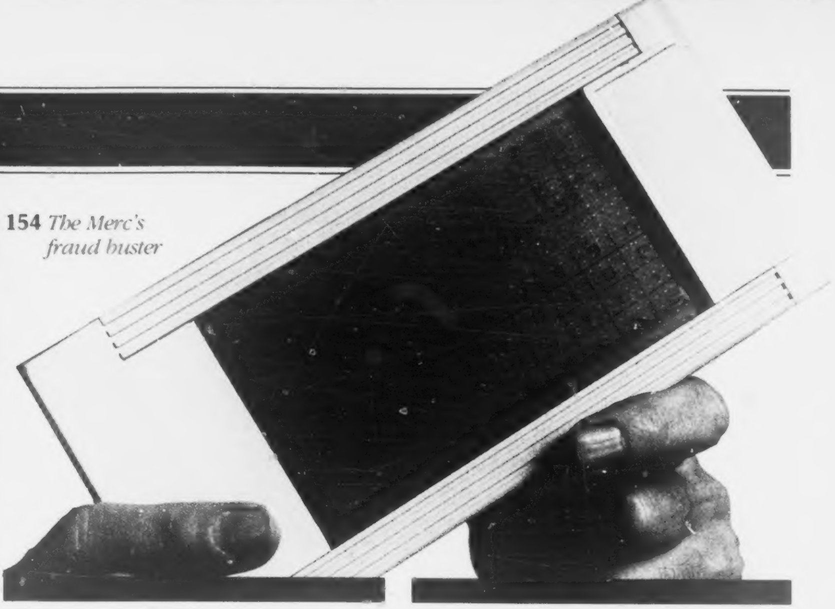

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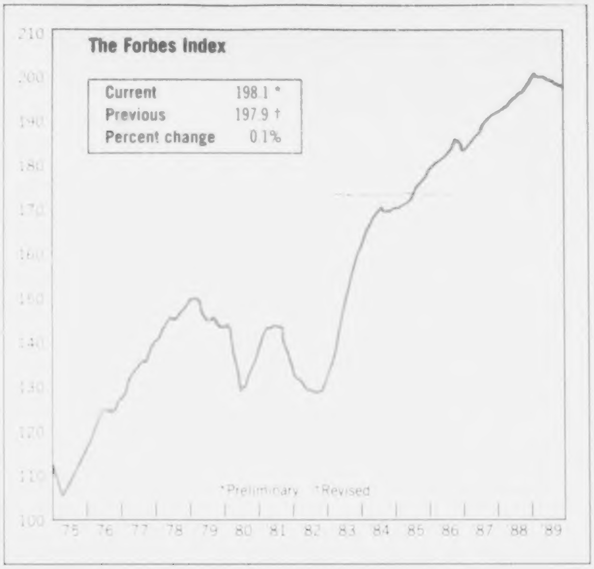
The Forbes Index



The December total of new housing starts (not seasonally adjusted) was the lowest since February 1982, which was during a severe recession. The trailing 12-month total of housing starts hit a six-year low. Preliminary figures show the Forbes Index with a 0.5% loss for 1989.

But this variegated economy has its good spots: Both industrial production and manufacturers' new orders hit new highs in December. And the 0.2% gain in the Consumer Price Index for December was the best inflation news since November 1988, when the CPI rose only 0.1%.

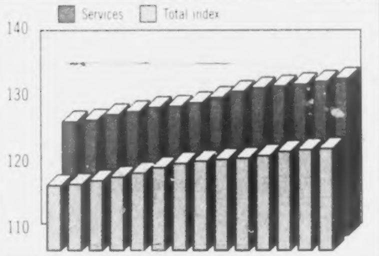
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales[1] year to date vs. 1988	Ward's Automotive	16.2%
Index of leading indicators November vs. October	Dept. of Commerce	0.1%
Trade balance last 12 months	Dept. of Commerce	-$112 bil
Producer price index[2] November vs. 1988	Dept. of Labor	4.8%
GNP 4th quarter vs. 3rd—annualized growth	Dept. of Commerce	0.5%
NBER Experimental Recession Index[3]	Natl Bureau of Economic Research	6.0%

[1] U.S. based manufacturers only as of 1/20/90. [2] Finished goods [3] December 1989

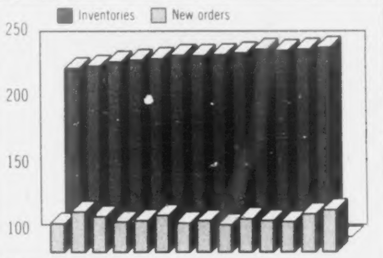
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

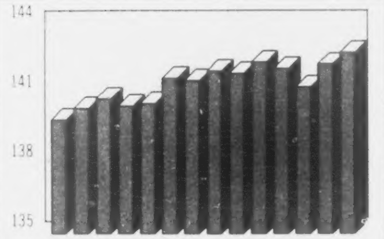
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



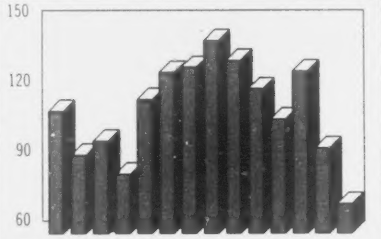
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



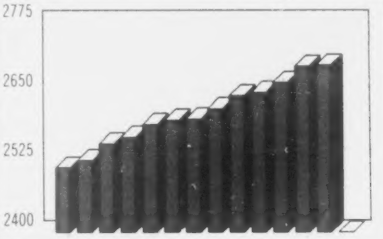
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



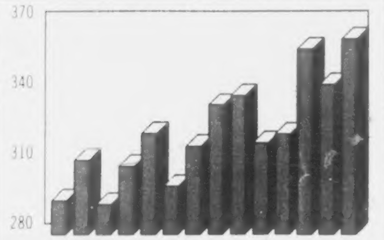
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



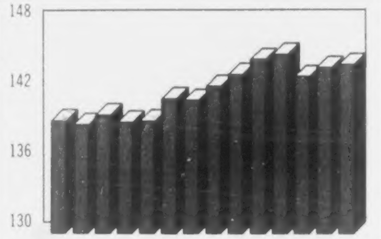
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



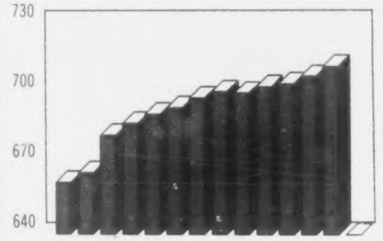
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

N D J F M A M J J A S O N D
1988 1989
N D J F M A M J J A S O N D
1988 1989
N D J F M A M J J A S O N D
1988 1989

every expense item. One that has already attracted his attention: Murphy received a multimillion-dollar advance as part of the inducement to sign a new, five-picture deal with Paramount in June 1987. Paramount memoranda submitted to public court records in the first phase of the trial indicate that Paramount may have assigned one-fourth of this signing bonus, or about $1.7 million, to the cost of *Coming to America.*

Is the $1.7 million really a cost of making the picture? Or is it, as O'Donnell will argue in court, part of Paramount's overhead, and therefore already covered by the studio's 15% overhead fee?

Many of the individual expense items enumerated in Paramount's memos raise eyebrows. For example, $115,000 was included in production costs for 23 weeks of Murphy's 24-hour limousine and driver—that works out to $5,000 a week, not exactly cab fare. Blares O'Donnell: "The day when we're going to just accept these expenses are over. It's got to pass the smell test. Some of these don't even pass the giggle test."

Is O'Donnell talking tough so as to maximize the chances of a juicy settlement for Buchwald? Possibly. But Buchwald says he already makes over $1 million a year, and is fighting Paramount for more than monetary reasons. "I'm trying to make a point about something," he says. "I'm not going to all this trouble to be given some money and told to shut up."

Ironically, if O'Donnell does manage to prove that there are net profits to distribute, Eddie Murphy stands to benefit, too. In addition to 15% of *Coming to America*'s gross receipts (Murphy's take so far amounts to $22 million), his production company is entitled to a share of the net profit of the picture.

"That's fine with Art and me," says O'Donnell. "We'll send him a bill." ■

Many closed-end country funds sell at ridiculous premiums. So where are the short-sellers and the arbs?

How do you say "manipulation" in Japanese?

By Tatiana Pouschine
with Nikhil Hutheesing

THE COUNTRY FUNDS are hot, hot, hot. In a sick stock market, the New Germany fund, whose initial price was $15 a share, opened at over $21 on Jan. 25. According to Lipper Analytical Services, Inc., the top five closed-end funds last year were all country funds: the Thai, Taiwan, Brazil, Mexico and Asia Pacific funds, and as a group the five showed average returns of 76%.

Most closed-end funds trade at a discount to net asset value. Not so with many country funds. Recently trading at 29¼, the Spain fund is selling at over twice its net asset value of $13.38 per share. The Austria, Malaysia, Thai and Taiwan funds sell at least 50% over their net asset values. Before the issue of the second fund, the old Germany fund was trading at almost double its net asset value.

What is going on here?

Morgan Stanley's Warren Olsen, president of the Thai and Malaysia funds, argues that emerging markets such as Thailand deserve a premium because they are somewhat restricted. The Korea fund trades at an 83% premium, because foreigners can't access that market directly. Malaysia, admits Olsen, is mostly an open market.

Laura Cornell

How to justify the premiums on the Europe funds? Says Michael Harkins, a shrewd money manager at Levy, Harkins: "This is absolutely bizarre. If you are willing to get up early and call Germany, duplicating the portfolio would only take an hour."

The probable explanation of these astounding premiums can be detected in their trading patterns. In most cases the stock price rose dramatically in a short time. Who bought as prices rose? "It was always the same names," recalls a broker in discussing the Germany and Spain funds. "Nomura, Yamaichi and Nikko."

Recently, the buying has been tremendous. Between Dec. 21, 1989 and Jan. 18, 16 million shares of the Germany fund changed hands; total capitalization is just 12 million shares.

It appears the pattern is being repeated with the Southeast Asia and Mexico funds. From Sept. 15, 1989 to Jan. 12, when the Thai fund shot up from $19.25 to $31.63, based on weekly data 9.6 million shares changed hands. Total capitalization: 9.6 million shares.

Mario Keller of Deutsche Bank Capital, which runs the Germany fund, has been baffled by the stock's spike. Last Dec. 4, the fund issued 4.5 million new shares, increasing the number of shares outstanding by almost a third. The stock barely

Country funds: Japanese may buy but they don't sell

Almost all the country funds below sell at big premiums. In each case the price rose dramatically in a short time. Massive Japanese buying? The Spain fund rose last summer, the Germany and Southeast Asia funds last fall and this winter. Now the Mexico fund is moving. Japanese buyers put their stocks away reducing the float: Of the Spain fund's 10 million issued shares, for example, only 14,000 shares traded.

	Europe Germany	 Spain	 Austria	Southeast Asia Taiwan	 Malaysia	 Thailand	Latin America Mexico
Initial Public Offering date	7/86	6/88	9/89	12/86	5/87	2/88	6/81
Shares issued (000s)	7,500	10,000	5,000	2,030	7,000	8,333	10,000
Price	$10	$12	$12	$12	$12	$12	$12
Net asset value per share	$9.30	$11.10	$11.16	$11.16	$11.16	$11.16	$11.00
Stock price/NAV	1.07	1.08	1.08	1.08	1.08	1.08	1.09
Recent trading data							
Shares outstanding (000s)	12,000	10,009	5,009	2,994	7,259	9,598	19,718
Shares traded (000s) on 1/19/90	496	14	69	41	105	148	807
Price	$21.80	$29.25	$24.30	$49.00	$21.50	$31.00	$12.89
Net asset value per share	$12.08	$13.38	$13.23	$27.43	$13.94	$18.58	$12.76
Stock price/NAV	1.80	2.19	1.84	1.78	1.54	1.67	1.01
Unusual price rise period	12/21/89-1/18/90	7/21/89-9/29/89	12/22/89-1/19/90	10/27/89-12/29/89	11/3/89-1/2/90	9/15/89-1/12/90	12/22/89-1/19/90
Percent rise	85%	147%	57%	31%	100%	64%	35%

dropped.

The explanation? Evidence suggests that Japanese brokerage houses are heavily invested in each fund shown in the table. FORBES estimates that they own up to 80% of both the first Germany fund and the Spain fund. They most likely also own a lion's share of the Thai, Malaysia and Taiwan funds, among others.

Why would the Japanese be buying so frenetically? Apparently, these funds are an easy sell to retail Japanese customers. To sell the Spain fund, for example, Japanese brokers tell their customers that the profits they will make as Spain benefits from European unity in 1992 will fund their tickets to the 1992 Olympic Games—to be held in Barcelona.

Do the brokerage houses make money aside from commissions? Possibly. If they trade for their own account while filling myriad retail orders, they would book substantial profits as the share prices rose.

A golden opportunity for arbitragers? Can't they sell the funds short and duplicate the underlying portfolios on the long side? Very difficult. The arbs can't borrow the German or Spain fund shares at any price. Brokers say stock loan departments at U.S. brokerage houses have no shares to lend. Shares of the other funds mentioned are all becoming scarce. That's because once the Japanese brokers take delivery of the stock certificates, they don't lend the shares out.

Through this simple and legal means, the Japanese have rid themselves of pesky short-sellers. If there are no lenders, there can be no short-selling to check excessive prices. ■

Rolls-Royce Motors has staged a remarkable recovery. Is that why Sir Ronald Brierley has accumulated a big stake in Rolls' parent company?

The pride of New Zealand?

Financial Times

New Zealand's Sir Ronald Brierley
A nose for undervalued assets.

By Peter Fuhrman

AMONG CONSUMER BRAND NAMES, few are grander than Rolls-Royce Motors. Since 1904 the British company has fastidiously hand-built a total of 110,000 luxurious automobiles. New, these Rolls-Royces and Bentleys sell for $115,000, at a minimum, with up to a two-year wait for delivery. Not without reason has Rolls-Royce Motors been called "the pride of Britain and the envy of the world."

In terms of ownership, however, Rolls-Royce Motors is becoming the pride of New Zealand. Since 1980 it has been owned by British industrial conglomerate Vickers Plc. Through a Hong Kong subsidiary, Industrial Equity (Pacific) Ltd., New Zealand investor Sir Ronald Brierley has quietly amassed a 17.5% stake in Vickers.

"Vickers is a mish-mash, undervalued on the stock exchange and with-

Consolidated News

A new list of the 50 richest lawmakers shows that fervent opponents of congressional pay raises need them the least.

America's richest congressmen

By Laura Saunders

Capitol Hill's energetic news sheet *Roll Call* produced a particularly lively issue Jan. 22, 1990. Drawing on our list of The Forbes Four Hundred *(Oct. 23, 1989)* and its own extensive digging, *Roll Call* published its roster of the 50 richest congressmen *(see table, p. 48).*

It was no easy feat, notes editor James Glassman, because federal financial disclosure rules often conceal more than they bare. Senator Frank Lautenberg (D–N.J.), for example, discloses his net worth as $2 million, whereas *Roll Call* estimates his net worth at $45 million. Senator Edward Kennedy (D–Mass.), who makes a point of keeping his personal wealth top secret, discloses his worth as $800,000; *Roll Call* figures the real number is close to $40 million.

The list is timely because it highlights the bitter divide between the haves and have-nots now plaguing Capitol Hill. This split surfaced last year in the rancorous debates over House and Senate pay raises, and hasn't healed yet. Says Norman Ornstein, a veteran Congress watcher at the American Enterprise Institute: "Many less wealthy lawmakers are still angry that richer ones voted against raises they didn't need, and then were sanctimonious about it."

During one set of debates, for example, Senator Herbert Kohl (D–Wis.), a first-termer who financed his campaign with $6 million of his own, declared, "When I was elected a year ago, I signed a contract with the people of Wisconsin to serve as their Senator for $89,500 a year. I don't intend to try to renegotiate the contract." But in the end he voted for the raise.

Lautenberg, a multimillionaire who founded ADP, the data processing firm, called the hike "unwarranted and excessive."

A comparison of *Roll Call*'s list with key votes shows that two-thirds of the richest senators voted against pay raises. Over half of the richest representatives voted against the raise, despite the fact that the House leadership lobbied heavily for it.

The issue will resurface soon because the last session ended with an unresolved mess. As things stand, House members voted to raise their pay from the current $89,500 to $124,400 by 1991, but to abolish honoraria for speeches and other public appearances by then. Under the old law, representatives could earn up to $26,850 a year in honoraria, which many used to boost their income.

But the Senate, home to 19 of Congress' 50 richest, refused to follow the House's lead. Instead, senators voted themselves only an $11,900 raise by 1991. They also opted to continue allowing honoraria, though they cut the maximum from $35,800 to $23,568.

This created an anomaly: Senators are now the only members of the federal government still able to earn honoraria. This fact is sure to draw media scrutiny and public criticism. Which is why the Senate will soon revisit the question of honoraria, and will likely ban them. And that will create another anomaly, namely, that senators may soon be earning less than representatives for the first time in years.

Ordinary taxpayers, meanwhile, may be interested in implications for Keogh plans lurking in this strife. These plans, which are in effect pension plans for self-employed workers (including congressmen with honoraria), weren't cut in 1986, as were Individual Retirement Accounts. You can still deduct Keogh contributions up to $30,000 (more in some cases).

Some cynics on Capitol Hill believe Keoghs were spared because congressmen could make handy use of them in a way the new ethics rules now forbid. Under the old system, members could take all their honoraria—often tens of thousands more than the limits of $26,850 in the House and $35,800 in the Senate—and run them through their personal tax returns. This increased their self-employment income, and thus the allowable Keogh deduction, which is based on that figure. Then they donated the excess over the honoraria limits to favorite charities, reducing taxable income to its real level. Now that this tax strategy is out, some observers believe that new limits on Keogh plan contributions are in store.

How do the richest lawmakers stand on capital gains? As of yet, no clear answer has emerged. About half of the senators on the list voted against last year's capital gains tax reduction proposal, helping kill it. But this was less a vote on the tax than a show of support for Senate majority leader George Mitchell (D–Me.). This year, they'll probably get to show how they really feel about capital gains. Keep the list handy. ■

Congress' Nifty Fifty

Roll Call's list of the richest senators and representatives gives truer estimates of wealth than the fuzzy figures on federal financial disclosure forms. A box with an "X" denotes alawmaker who voted against pay raises last year, enraging poorer members who had to brave political ruin to push the raises through.

1.	☐	**Sen. John Heinz (R-Pa)**	**$460 million**	H.J. Heinz inheritance; disclosed wealth $16 million
2.	☐	**Sen. Herbert Kohl (D-Wis)**	**$250 million**	Former grocery magnate; disclosed wealth $45 million
3.	☒	**Sen. Jay Rockefeller (D-W Va)**	**$200 million**	Rockefeller inheritance; disclosed wealth $4.8 million
4.	☐	**Rep. Amory Houghton (R-NY)**	**$100 million**	Corning Glass heir; disclosed wealth $7 million
5.	☒	**Sen. Frank Lautenberg (D-NJ)**	**$45 million**	Founded ADP; disclosed wealth $2 million
6.	☐	**Sen. Edward Kennedy (D-Mass)**	**$40 million**	Inheritance; disclosed wealth $800,000
7.	☐	**Rep. Norm Sisisky (D-Va)**	**$30 milliion**	Former Pepsi distributor; disclosed wealth $21 million
8.	☒	**Sen. John Danforth (R-Mo)**	**$25 million**	Ralston-Purina heir; disclosed wealth $14 million
9.	☒	**Sen. Dennis DeConcini (D-Ariz)**	**$20 million**	Real estate holdings; disclosed wealth $11 million
10.	☐	**Sen. Chuck Robb (D-Va)**	**$13 million**	Banks and LBJ inheritance; disclosed wealth $9.8 million
11.	☒	**Sen. Claiborne Pell (D-RI)**	**$11 million**	Inheritance and investments; disclosed wealth $7 million
12.	☐	**Rep. Bill Green (R-NY)**	**$8 million**	Supermarket heir; investments; disclosed wealth $7 million
13.	☐	**Rep. Nancy Pelosi (D-Calif)**	**$7.5 million**	Real estate and investments; disclosed wealth $5 million
14.	☒	**Rep. Sid Yates (D-Ill)**	**$7.1 million**	Lawyer; real estate and public housing authority bonds
15.	☐	**Sen. Lloyd Bentsen (D-Tex)**	**$7 million**	Texas ranches, inheritance; disclosed wealth $5 million
16.	☐	**Sen. Bob Graham (D-Fla)**	**$6 million**	Real estate; inheritance; disclosed wealth $3 million
17.	☐	**Rep. Pete Stark (D-Calif)**	**$5.2 million**	Founded two banks by age 31; real estate; oil and gas
18.	☒	**Rep. John Spratt (D-SC)**	**$5.1 million**	Lawyer; banker; real estate; disclosed wealth $2.3 million
19.	☒	**Sen. John Warner (R-Va)**	**$5 million**	Juicy divorce from first wife (a Mellon) netted a bundle
20.	☒	**Sen. Nancy Kassebaum (R-Kan)**	**$4.3 million**	Radio station; investments; disclosed wealth $2 million
21.	☒	**Rep. Owen Pickett (D-Va)**	**$4.2 million**	Real estate; disclosed wealth $2.5 million
22.	☒	**Sen. Terry Sanford (D-NC)**	**$4.1 million**	Investments; disclosed wealth $2.7 million
23.	☒	**Rep. Glenn Anderson (D-Calif)**	**$4 million**	Real estate, investments; disclosed wealth $2.4 million
24.	☐	**Rep. J.J. Pickle (D-Tex)**	**$3.6 million**	Owned advertising and PR firm; investments
25.	☐	**Rep. Jimmy Quillen (R-Tenn)**	**$3.5 million**	Investments, including 100,000 shares of Pan Am
26.	☐	**Rep. Joe Kennedy (D-Mass)**	**$3.4 million**	Inheritance; investments
27.	☒	**Sen. Frank Murkowski (R-Alaska)**	**$3.3 million**	Former banker; real estate; oil and gas
28.	☒	**Rep. Ralph Hall (D-Tex)**	**$3.2 million**	Former president, Texas Aluminum Corp.; investments
28.	☐	**Rep. Stan Parris (R-Va)**	**$3.2 million**	Former pilot and practicing attorney; investments
30.		**Rep. Jack Brooks (D-Tex)***	**$2.9 million**	Stock; real estate; mineral rights
30.	☒	**Rep. Harry Johnston (D-Fla)**	**$2.9 million**	Lawyer from wealthy West Palm Beach family; investments
30.	☒	**Rep. Nita Lowey (D-NY)**	**$2.9 million**	Former NY state official married to lawyer; investments
30.	☒	**Sen. John McCain (R-Ariz)**	**$2.9 million**	Wife is heiress to beer distributorship; real estate
34.	☒	**Rep. Porter Goss (R-Fla)**	**$2.8 million**	Former CIA agent; newspaper publisher; investments
35.	☐	**Rep. Mel Levine (D-Calif)**	**$2.7 million**	Stocks, bonds, real estate; inheritance trust
35.	☒	**Rep. Tom Lewis (R-Fla)**	**$2.7 million**	Former Pratt & Whitney Aircraft executive; investments
35.	☒	**Rep. Cliff Stearns (R-Fla)**	**$2.7 million**	Real estate (Florida motels)
38.	☒	**Rep. James Clarke (D-NC)**	**$2.6 million**	Real estate; stock; inheritance trust
39.	☐	**Rep. Tom McMillen (D-Md)**	**$2.5 million**	Ex-pro basketball star has investments and NBA pension
40.	☒	**Rep. Paul Gillmor (R-Ohio)**	**$2.4 million**	Former president, Ohio Senate; investments
40.	☒	**Rep. Mel Hancock (R-Mo)**	**$2.4 million**	Owner, burglar alarm installation firm; investments
40.	☒	**Rep. Craig James (R-Fla)**	**$2.4 million**	Investments, including Jamaican farmland; law partnership
40.	☐	**Rep. Marvin Leath (D-Tex)**	**$2.4 million**	Former bank owner; investments
44.	☒	**Rep. Virginia Smith (R-Neb)**	**$2.3 million**	Former owner, wheat ranch; investments
45.	☒	**Sen. Harry Reid (D-Nev)**	**$2.2 million**	Lawyer who chaired Nevada Gaming commission; real estate
45.	☐	**Rep. Fred Upton (R-Mich)**	**$2.2 million**	Grandson of founder, Whirlpool appliance co.; investments
47.	☐	**Rep. Jimmy Hayes (D-La)**	**$2.1 million**	Real estate developer
47.	☒	**Rep. Jim Leach (R-Iowa)**	**$2.1 million**	Former gas company president; investments
47.	☒	**Sen. Richard Shelby (D-Ala)**	**$2.1 million**	Lawyer; real estate
50.	☐	**Sen. Rudy Boschwitz (R-Minn)**	**$1.8 million**	Plywood

*Did not vote on HR-3660.

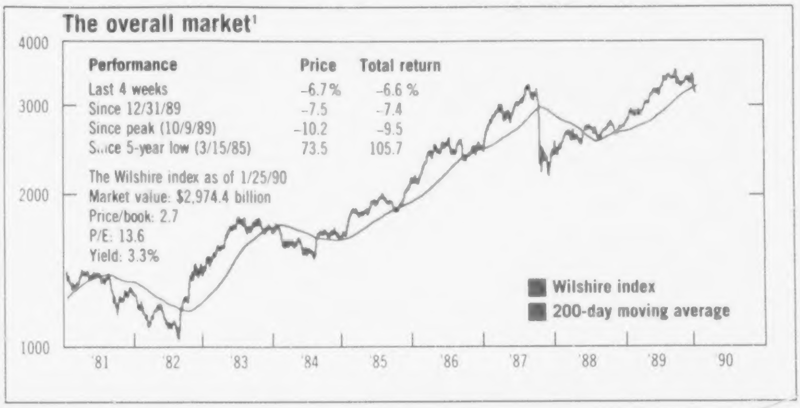
Sources: Congressional Quarterly; Roll Call

The Forbes Wall Street Review

Edited by Eric S. Hardy

Where lies the bottom? The Dow industrials are off about 7% so far this year. Prudential-Bache analyst Larry Wachtel says "purging the excesses of 1989" caused January's poor performance. He thinks the recent bear trend could carry the market down to the 2,350 level by midyear.

Is the market overpriced? Unless earnings fall precipitously, not terribly. The price/earnings ratio for the Wilshire index is 13.6, against 15.9 two years ago. (Note: A computer bug at Wilshire Associates caused it to overstate the P/E last month by five points.)


The overall market[1]

Performance	Price	Total return
Last 4 weeks	–6.7%	–6.6%
Since 12/31/89	–7.5	–7.4
Since peak (10/9/89)	–10.2	–9.5
Since 5-year low (3/15/85)	73.5	105.7

The Wilshire index as of 1/25/90
Market value: $2,974.4 billion
Price/book: 2.7
P/E: 13.6
Yield: 3.3%

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,163.07	–6.4%
Wilshire index 6,000 stocks, equal weighted	20.92	–4.2
Dow Jones industrials 30 stocks: divisor-adjusted price average	2,561.04	–7.2
S&P 500 Capitalization weighted cross-section, major stocks	326.08	–6.4
NYSE Capitalization weighted, all listed common stocks	180.61	–6.3
Amex Capitalization weighted total return: stocks, warrants	353.64	–6.8
Nasdaq Capitalization weighted, all issues except warrants	425.24	–5.3
Amex international market index Capitalization weighted, 50 largest ADRs	322.31	–3.5

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	994.60	–4.1%
Institutional[3] Approximately 200 stocks with high institutional ownership	107.54	–5.2
Individual[3] Approximately 200 stocks with low institutional ownership	103.56	1.5
Technology Hambrecht & Quist index	246.94	–4.0
Gold[4] (Composite quote of 6 major dealers)	$416.60	0.5
Yen[4] (per $U.S.)	143.58	–1.3
Commodity index[4] (CRB futures index, 1967 = 100)	231.43	–1.5
Oil[4] (W Texas Intermediate)	$21.60	–6.7
T Bills[4] (90 days)	7.68%	14 basis points
Broker loan rate[4]	9.25%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
Aristech Chemical	25¼	33%	9	Management group in conjunction with Mitsubishi Corp makes $26-per-share acquisition bid
Rorer Group	61	24	29	Rhône-Poulenc offers $73 per share for 68% of company
Cray Research	43	15	11	Several brokerage firms raise 1990 earnings estimates
Sun Microsystems	18⅞	10	33	Company takes steps to strengthen its balance sheet
Varity	2⅝	10	6	Gain of ¼ point translates into big percentage move for this low-priced stock

The Worst Performing Stocks

Company	Price	2-week change	P/E	Reason
Bank of New England	3¼	–58%	1	Adds $1.6 billion to loan-loss reserves
First Executive	3⅝	–56	8	Announces substantial writedown of junk bond portfolio
Hilton Hotels	63½	–23	26	Doubts surface about proposed acquisition of company
Stryker	20¼	–23	26	Chicago Corp brokerage firm issues negative report
Prime Motor Inns	13⅜	–21	6	Fallout continues as result of lower earnings estimates

Note: All data for periods ending 1/25/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization-weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]For period ending 1/26/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point.

Forbes/TUCS Institutional Portfolio

Edited by Steve Kichen

Who made the most money?

Investment	Value of $10,000 invested 12/31/79[1]	Change last quarter
Institutional equity account[2]	$43,607	–0.1%
Institutional balanced account[2]	40,083	2.2
Institutional fixed income account[2]	30,576	3.4
Wilshire index	46,584	0.6
S&P 500	49,973	2.1
Shearson Lehman Govt & Corp	31,725	3.6
Treasury index	23,524	2.0

Segment performance and cash flows

	Most recent quarter	
Segment	median total return	shift in institutional holdings
Equity	0.1%	–0.3%
Fixed income	3.5	–0.9
Cash equivalents	2.2	–0.1
Convertibles	–0.9	0.1
Other[3]	1.1	0.0
Total	1.0	–1.1

Institutional equity managers were clobbered last quarter. Total return of the median equity portfolio was 0.1%, vs. 2.1% for the S&P 500. Data from the Trust Universe Comparison Service (TUCS), which monitors $400 billion in pension assets held in 4,000 portfolios, show smaller-capitalization stocks hurt the pros. Thus, while the capitalization-weighted S&P 500 shows a gain for the quarter, an equal-weighted version of this index is off 2.1%. The variation in the Wilshire index, which measures 6,000 issues, is even more dramatic: The capitalization-weighted Wilshire rose 0.6% while the equal-weighted index was down 6.7%.

George Wolfe, a vice president at Santa Monica, Calif.-based Wilshire Associates, which processes the TUCS database, says the institutions were also hurt by overexposure to the finance sector and underexposure to energy and utilities.

The best place to invest last quarter was in fixed-income investments. The median such account in the TUCS universe had a total return of 3.5% while the Shearson Lehman Government/Corporate index was up 3.6%.

Turner Broadcasting and Newmont Gold again showed up on the list of issues with significant increases in institutional holdings. The institutions also bought such Canadian mining stocks as Cominco, Corona and LAC Minerals, and U.S.-based Valhi, controlled by investor Harold Simmonds. Professional managers lightened up on Metro Mobile CTS, a major operator of nonwireline cellular telephone systems. The cellular stocks have continued to take a drubbing.

What the institutions bought and sold

Big stocks[4]

Stock bought	Total quarter return	P/E	Stock sold	Total quarter return	P/E
Amax Gold	20.8%	32.4	American Greetings	9.9%	16.7
Am Barrick Resources	28.1	52.7	Avery International	14.6	16.9
Berkshire Hathaway	0.6	33.6	Comcast	–8.3	NM
Blockbuster Entertainment	3.8	34.7	Fund American Cos	–8.8	12.1
Cominco Ltd	–6.8	7.4	Laidlaw	20.7	24.3
Corona	20.7	50.0	Lyondell Petrochemical	5.3	3.2
LAC Minerals Ltd	20.7	27.9	Marion Merrell Dow	3.8	56.2
National Health Labs	22.0	20.8	Metro Mobile CTS	–3.1	NM
New England Elec Sys	12.6	14.6	Nalco Chemical	12.8	17.1
Newmont Gold	29.8	45.5	Penn Central	2.8	11.6
Turner Broadcast Sys	6.8	NM	Roadway Services	10.5	17.2
Valhi	3.9	16.4	Westvaco	–2.0	8.8

Secondary stocks[5]

Stock bought	Total quarter return	P/E	Stock sold	Total quarter return	P/E
BeautiControl Cosmetics	–11.0%	16.8	Catalina Lighting	–22.3%	11.1
Care Plus	41.6	34.9	CPB	–2.9	61.0
Cirrus Logic	–22.2	NM	Commtron	–18.8	20.8
Devcon International	–5.2	7.7	ERC Environ & Energy Svcs	4.9	7.4
Ecology & Environment	–0.6	16.6	Everex Sys	–34.0	4.5
Equity Oil	7.7	43.8	Harken Energy	2.6	1.4
Gottschalks	–11.4	21.3	Nabors Industries	55.6	4.3
HMO American	–15.3	NM	Oak Industries	–20.0	NM
Lifetime	23.7	19.8	Office Club	–0.9	6.0
Neeco	–14.9	9.4	Stoneridge Resources	–15.6	5.3
Sunrise Medical	–1.3	11.2	Turner Corp	–4.3	NM
WorldCorp	0.0	9.1	Wisconsin Toy	–3.8	5.3

[1] Total return. [2] Includes cash. [3] Real estate, foreign investments, venture capital, guaranteed income contracts. [4] Stocks with $1 billion or more in market capitalization at start of quarter. [5] Stocks with market capitalization between $40 million and $200 million at start of quarter. NM: Not meaningful.

Note: What the institutions bought and sold measures the change in the institutional holdings as a percentage of a stock's total capitalization, net of price changes. Data for quarter ending 12/31/89. Prepared by the Trust Universe Comparison Service (TUCS), a service of Wilshire Associates, Santa Monica, Calif.

Statistical Spotlight

Master limited partnerships were peddled as yield vehicles. Yield they do have, but their total return is often miserable. Moral: Don't buy on the sole basis of yield.

Very limited partnerships

By Christopher Palmeri

MASTER LIMITED partnerships, one of the great financial gimmicks of the 1980s, were supposed to be a godsend to investors. MLPs were corporations or divisions of corporations that reorganized as partnerships, so that they would pay no corporate tax and therefore have more cash to pass along to holders. And so they were sold on yield. Santa Fe Energy Partners came out in 1986 at a price per unit of $20 and a fat distribution of $2.88 a year. Allstar Inns came out in 1987 at $12.50 per unit and a dividend of $1.38 a year.

Where are these MLPs now? In the dumps. Santa Fe is now trading at 7¼, Allstar at 1½.

These are among the worst of the lot, but the overall picture is pretty grim. A study of 90 MLPs conducted by FORBES and Wilshire Associates shows that the genre has performed very poorly of late. The 90 securities had a total return of only 14% last year, compared with a 29% return for the stock market as a whole. Total return is the change in stock price with dividends reinvested.

Master limited partnerships are mercifully on the way out, a victim of 1987 tax legislation. Last year, according to Securities Data Co., only 5 new MLPs were introduced, against a high of 32 in 1987. But their history provides a lesson for investors as important as ever. That lesson is: Don't shop for yield. The failing of master limited partnerships—and of any number of other high-yield products, including junk bonds—is that their juicy double-digit yields may very well be eaten up by a withering stock price. If the yield is coming not out of earnings but out of hits to the capital account, it is an illusory yield. Cashing the big distribution check amounts to running in place.

Many master limited partnerships appear to have been either overpriced when they were first offered or mismanaged since. And the investor has precious little hope of rescue from a takeover. "These are passive investments. You don't get a vote," observes Burl East, a vice president at Bateman, Eichler in Los Angeles. He adds: "Most of these were designed to create fees for the general partners. The managements raped their unitholders simply because they could."

When many partnerships became public they paid dividends that their operating businesses could not support. They have filled the gap by borrowing, often from their general partner, or by selling assets. Witness the case of T. Boone Pickens' once high-profile Mesa Limited Partnership. It was formed in 1985 when Mesa Petroleum changed from a corporation to a master limited partnership. The annual distribution of $2 a unit was based on the expectation of higher prices for energy and energy assets. It was something like spending next year's paycheck. In September 1989 Mesa cut its distribution from $2 to $1.50. Late last year the distribution was cut entirely.

Analyst William Fellows at San Francisco-based Montgomery Securities has worked out a cash flow formula for MLPs that looks a lot like junk bond analysis. To Fellows the big question is whether the company is going to meet its distribution payment. In his analysis, Fellows looks at the company's free cash flow. He takes net income and adds back noncash charges like depreciation and amortization, then he subtracts an estimated figure for capital expenditures needed to maintain the property and keep the business going.

One of the master limited partnerships Fellows watches is Motel 6, a chain of low-cost motels that was acquired by Kohlberg Kravis Roberts & Co. Part of the chain was taken public in 1986. Since then cash flow has grown about 23% a year. However, it won't be until this year that Motel 6's free cash flow will come close to covering its distributions to shareholders. The company has been borrowing extensively to make up the difference.

The table samples five master limited partnerships whose projected cash flow for 1990 will not cover the current distribution. The outrageous yields on these issues go hand in hand with sharp price declines since their initial public offering. ■

Whom are they kidding?

Below are five master limited partnerships that are paying out more cash to their shareholders than their operating businesses generate. Is it any surprise that their stock prices have fallen?

	—Unit price—		—Cash flow—			
Company/business	IPO	recent	1989	1990	Distribution	Yield
Cal Fed Income Partners/real estate	10	6⅛	$0.10	$0.10	$1.00	16.3%
Diamond Shamrock Offshore/oil	20½	6¾	1.70	1.85	2.80	41.5
Forum Retirement Partners/real estate	12¾	3⅛	0.73	1.16	1.35	43.2
La Quinta Motor Inns LP/hotels	20	7⅜	1.00	0.70	2.00	27.1
Prime Motor Inns LP/hotels	20	9⅛	1.05	1.10	2.08	22.8

Lawrence Lindsey's bold program for balancing the budget

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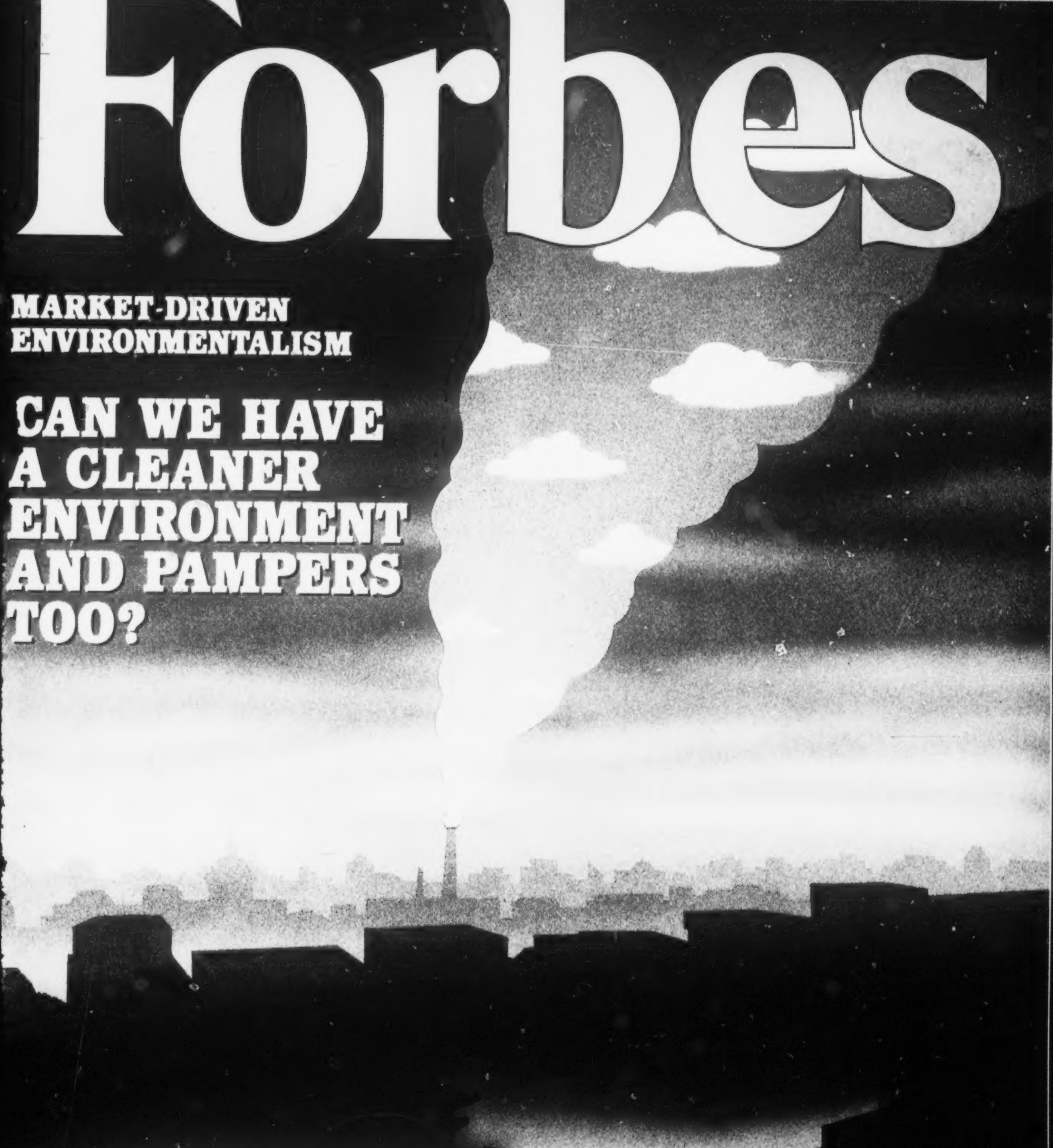

MARKET-DRIVEN ENVIRONMENTALISM

CAN WE HAVE A CLEANER ENVIRONMENT AND PAMPERS TOO?

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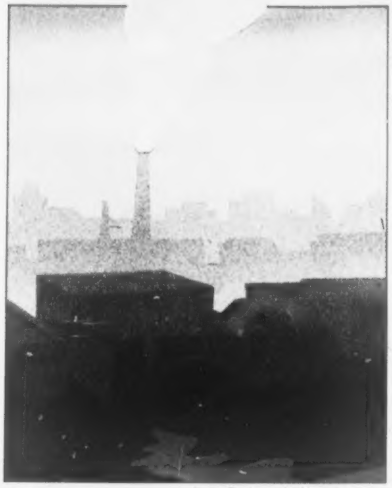

94 Cover illustration by Tommy Soloski

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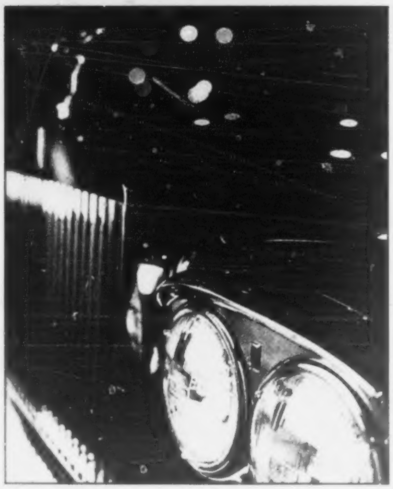

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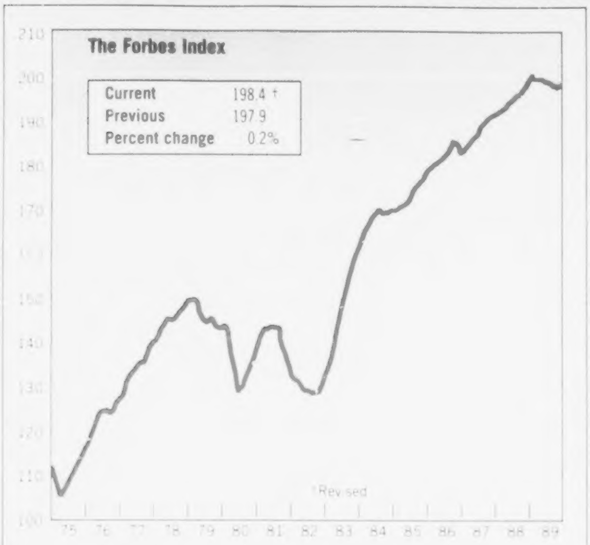
The Forbes Index



Producer prices climbed 1.8% in January, but that was due to unusual movement in food and energy. Were it not for sharp rises in these sectors, the index would have registered an increase of 0.1%. The December figure for manufacturers' inventories shows a 0.5% decline in unsold goods. Most companies use computers to help manage inventories. As a result, there is less likelihood of an inventory-driven recession. During 1989, personal income rose by 7.4%, from $2.5 trillion to $2.7 trillion. Consumer installment credit was $717 billion.

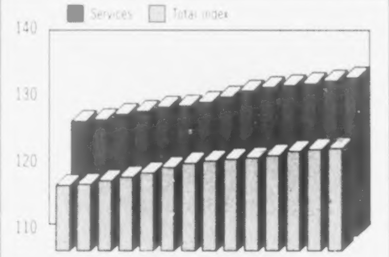
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales[1] year to date vs. 1989	Ward's Automotive	6.2%
Index of leading indicators December vs. November	Dept. of Commerce	0.8%
Trade balance last 12 months	Dept. of Commerce	-$112 bil
Producer price index[2] January vs. 1989	Dept. of Labor	5.8%
GNP 4th quarter vs. 3rd—annualized growth	Dept. of Commerce	0.5%
NBER Experimental Recession Index[3]	Nat'l Bureau of Economic Research	6.0%

[1] U.S. based manufacturers only as of 1/31/90. [2] Finished goods. [3] December 1989.

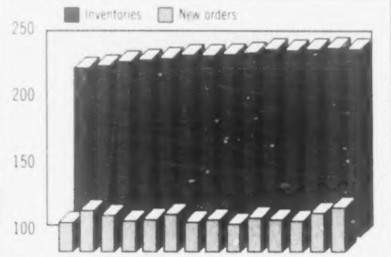
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

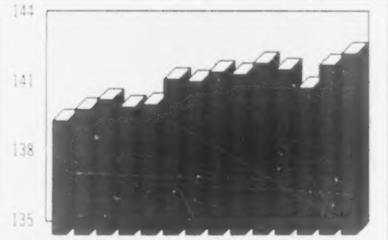
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



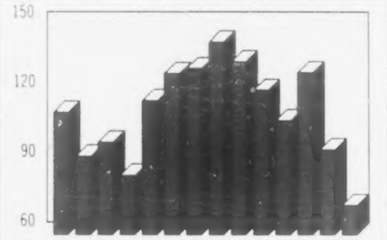
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



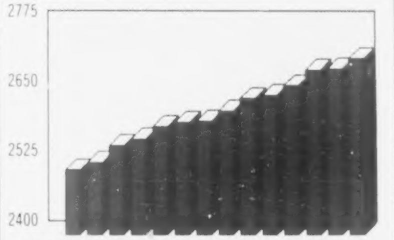
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



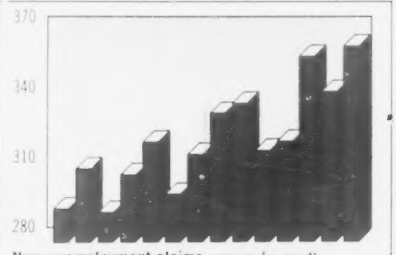
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



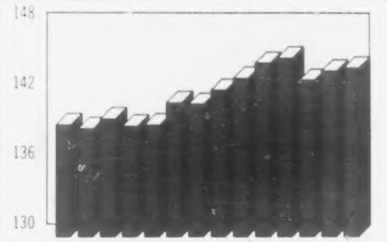
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



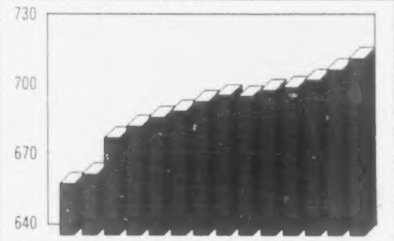
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total seasonally adjusted (Federal Reserve)

N D J F M A M J J A S O N D
1988 1989

N D J F M A M J J A S O N D
1988 1989

N D J F M A M J J A S O N D
1988 1989

mans (FORBES, *Nov. 27, 1989*) need junk bond financing. Nor did Hoffmann-LaRoche when it agreed to pay $2.1 billion for 60% of Genentech.

Prudential-Bache's Guy Wyser-Pratte is a veteran of the arbitrage wars, a consummate practitioner who has seen the Ivan Boeskys come and go. From the current disaster, Wyser-Pratte draws a bit of advice for the investor:

"On Wall Street, everything is an exaggeration, both on the upside and on the downside. When people are going in either direction, they're usually coming in or going out the same door at the same time. But nobody ever gets anywhere by panicking. What you should do is stand on either side of market exaggerations and be on the lookout for overreaction."

Drexel has sunk and taken junk bonds with it. But dealmaking and takeovers will go on. ■

Junk bond holders aren't the only people with troubles these days. A lot of folks who thought they owned high-rate thrift deposits are having their rates slashed.

It says here . . .

By Matthew Schifrin

PHILIP EITMAN is peeved. So are the individuals, school districts and credit unions he counts among his clients. As head of Clifton, N.J.-based High Yield Management Securities, Eitman makes his living channeling investors' money into high-yielding certificates of deposit issued by ailing thrifts. Playing with fire, last fall he got burned.

Eitman and his clients received letters from University Savings of Houston, explaining that the thrift had been acquired by NCNB, the North Carolina bank holding company. Within two weeks, the letter said, all University CD rates would be cut to between 7.75% and 8%. Yet some of Eitman's clients invested in University CDs yielding as much as 12%. This was a risk Eitman hadn't prepared his clients for. Still, they should have known: Where there is above-average return, there is above-average risk.

"Our customers blamed us because we told them the rate would be good for two years," complains Eitman, whose 60 brokers channel $800 million a month into thrift CDs. "Now some have stopped buying from us."

What happened to Eitman and the depositors of University Savings is by no means an isolated case. In January, when Home Savings of Anchorage was acquired by Security Pacific, its 5,200 accounts were notified that CD rates would be cut. All deposits that had been brought in through CD brokers like Eitman were offered 5.5%. Take it or withdraw it. Another case: Peoples Heritage of Salina, Kans., a troubled thrift, had been paying 2.2 percentage points above the average cost of funds paid by competitors. After the thrift was split up and sold off to competitors, its former branches offered CD rates much closer to the market average.

In an effort to fix the thrift crisis, the government's Resolution Trust Corp. has sold or liquidated some 40 insolvent savings institutions over the past year. In the process, the government agency gave buyers the option to cancel rates on more than $12 billion in deposits. If they were paying above-market rates, they could, in effect, simply break the contracts.

And this could be just the beginning. The government agency currently controls some 312 insolvent thrifts with more than $130 billion in deposits. Many of these institutions have high-rate CDs outstanding, and, in fact, some are still offering high rates to attract funds. But as the RTC sheds these institutions, one at a time, those rates are likely to be slashed nearer to the market average, currently about 7.9% for one-year jumbo CDs and 8.1% for two-year jumbos *(see table)*.

There are a further 400 insolvent thrifts with $200 billion in deposits yet to be taken over by the RTC.

Of course, by cutting rates, the ailing thrifts' new owners risk losing deposits. But that's a risk they are prepared to take. After all, those brokered deposits are expensive to keep, and, in the first place, the thrifts only took them when they were desperate to remain solvent. So NCNB didn't

Saver, beware

These insolvent thrifts—just a handful of those under government control—offer depositors above-average yields. But how long will those high rates last? Once sold off to private investors, such thrifts could cut rates sharply, even on long-term CDs that are outstanding.

Thrift	Assets ($mil)	Current one-year CD yield*	Regional average yield
Caprock Savings, Lubbock, Tex	$486	8.80%	8.02%
Westwood Savings, Los Angeles, Calif	280	8.60	8.15
American Savings, Colorado Springs, Colo	687	8.60	7.91†
ABQ Bank, Albuquerque, NM	2,206	8.55	7.91†
Excel Banc, Laredo, Tex	112	8.55	8.02
Security Savings, Scottsdale, Ariz	494	8.50	7.91†
Central Savings, Jackson, Miss	59	8.50	7.91†
First Savings, Laredo, Tex	171	8.50	8.02
Valley Federal, McAllen, Tex	517	8.50	8.02
Sun State, Phoenix, Arizona	891	8.50	7.91†

*Yield on balance of $10,000 to $100,000. †National average; regional average not available.

Source: Banxquote Online

flinch when 40% of University's $3.5 billion in deposits walked away in search of greener pastures. Says an NCNB official, "We are sorry they left, but we prefer to serve local depositors who want other services."

Who gave buyers the right to break what is essentially a contract with depositors? Congress. Thanks to vague wording in the Financial Institutions Reform, Recovery & Enforcement Act passed in August, anyone who buys a thrift from the RTC has the right to "repudiate any contract or lease." The provision was probably intended to help buyers get out of onerous leases on branch offices or long-term data-processing contracts. But now acquirers are using the provision to cut the cost of high-yielding CDs, and so far the regulators have all but given their blessing.

At a time when Daniel Kearney, president of the RTC's Oversight Board, has resigned, leaving the bailout program in disarray, this rate-cutting could hurt in many ways. By allowing rates to be reduced at the thrifts it has already sold off, the agency is discouraging investors from buying CDs issued by the sick thrifts still under its control. This will no doubt raise the RTC's cost of funds.

Before long, the courts could get involved. The statute allowing the rate cut is vague, according to Richard Kneipper, financial institutions expert at the Dallas office of Jones, Day, Reavis, & Pogue. He also points out that the statute allows those damaged by any contract changes to sue for compensatory damages. Who knows which way the suits will fly? Merrill Lynch, one of the nation's largest money brokers, has reimbursed clients whose CD rates were cut.

The savings and loan crisis is not over yet. ■

The SEC may soon allow trading in unregistered securities—but only for the big boys. Wall Street sniffs a highly salable new product.

Private but public

By Richard L. Stern

The 1980s was the decade of the junk bond market, but that's over. This is the 1990s. What will Wall Street peddle next? Among other things, widely traded private placements. Isn't that a contradiction? If an issue is placed privately, how can it be traded?

Securities & Exchange Commission rules now limit a liquid secondary market in the huge private placements that are usually issued by major corporations and bought by institutions such as pension plans and insurance companies. There are probably $160 billion of such securities tucked away by U.S. institutions every year.

Now, perhaps as early as this spring, the SEC seems all but certain to allow a rule change known as 144(a). The change would allow the investment equivalent of consenting adults—institutions that did at least $100 million in securities transactions in the previous fiscal year—to buy and sell more efficiently equity and debt securities of U.S. and foreign companies that neither are registered with the SEC nor have met the agency's stringent disclosure requirements. For these consenting adults, unregistered private placements would become easily tradable and, thus, presumably more valuable.

Wall Street, obviously, is watching this closely. Executives such as David Blood, Goldman, Sachs vice president in charge of private capital markets, believe the new liquid unregistered market would replace much of today's public U.S. investment-grade debt market. Why bother with the costs and delays of registration and disclosure when the ultimate market is the big institutions anyhow?

Until now, the issuing of widely traded securities, even to big institutions, primarily has been subject to 1930s federal laws that require registration with the SEC and fairly detailed disclosure of who is doing the issuing and what the terms and risk are. Under 144(a), notes Charles Symington, a New York-based managing director of the U.K. merchant banking firm S.G. Warburg & Co., issuers will still have to disclose enough information to satisfy the buyers. But the "disclosure will be market-driven," meaning the buyer, not the SEC, will decide what must be disclosed. It would eliminate a lot of red tape and expense.

The 144(a) change also should make the U.S. more competitive in the era of global markets by allowing the trading of foreign debt and equity issues that do not meet the SEC's stringent disclosure requirements. "After all," says Symington, "lots of countries have good disclosure and accounting rules—sometimes better. They are just different."

Even before the rule changes, Goldman is testing the waters with a foreign private placement debt offering of over $100 million, designed to appeal to a wider market than the typical private placement buyers. "The advantage of the U.S. markets for this company," says Blood, is that the issue will be of a longer duration than the Eurobond market is used to handling. The typical Eurobond issue has a maturity of three to seven years. The new bonds could be for ten years.

The National Association of Securities Dealers is designing a trading system, known as Portal, for this new market. The NASD hopes to attract dealers to act as middlemen for institutional buyers and sellers. "Portal offers great competitive potential for the U.S. in world markets," argues NASD President Joseph Hardiman.

Is there potential for the public getting hurt? Yes. Mutual funds and pension funds can participate. There is also no rule limiting the market to only high-quality issues. Although the buyers are supposed to be informed and sophisticated and the sellers jealous of their reputations, the same could have been said about most of the players in junk bonds. And look what happened there. ■

Commentary by Michael Gianturco

THE TECHNOLOGY CASINO

When the market for science and technology stocks grows volatile and therefore risky, as it has in recent months, you may find it helpful to buy a few option contracts as an adjunct to—or in lieu of—stock positions. Emphasis on *few*.

Because it is possible to lose the full amount committed to any option (about 70% of these contracts actually expire without value), it is sensible to keep this commitment very small. For most people, in fact, an option probably means a $200 bet. Such bets are sometimes worthwhile because it is possible to double, triple or quadruple your money in a few weeks. Option traders make money on sharp price excursions, not long-term trends. We have had our share of sharp excursions lately, and the longer-term trend is by no means clear. So the time may be right for a little options trading.

In science and technology stocks the use of option contracts became widespread in the early Eighties, coincidental with an enormous speculative surge in technology stocks that ended with a bang in 1984. At *The Princeton Portfolios* we began buying options for the first time in that year. We bought puts as the technology stock market nosed into decline, and as we were stopped out of long positions in one technology stock after another. Put options increase in value as the underlying stock goes down. Our option positions did not represent a heavy capital commitment at all, yet they successfully kept us afloat in a hurricane market.

The experience gave me a new and positive outlook on the option-trading scene. It may indeed be a casino in the view of most investors, but in the science and technology sector I think the option market is a tool you can and should investigate. At their most volatile, science and technology stocks are a real handful. Options can make a portfolio of such stocks a little more manageable; consider using options whenever volatility grows as extreme as it has been in recent months. When the market is clearly going up, stocks make sense. But when it is going down—or swinging abruptly up and down with a periodicity of a few weeks or even days—then options may make better sense than stocks.

Whether the potential reward is sufficient to offset the risk is something each investor must decide—preferably with the help of a computer program designed to evaluate, in real time, the relative risk, volatility and value of various options contracts. For a start, try OptionVue Systems of Vernon Hills, Ill., for a tutorial diskette called Options Made Easy. Its advanced OptionVue IV program runs "live" in conjunction with various FM, cable and phone quote streams.

High-tech options

Company	Price/ sales	Relative strength
Cetus	21.42	90%
Biogen	17.39	109
Alza	14.56	93
Amgen	12.71	112
Autodesk	8.79	102
Genentech	6.87	118
Adobe	6.65	156
Octel	4.49	102
Novell	3.37	117
Aldus	2.76	114
Lotus	2.64	98
Tandem	1.95	113
Stratus	1.81	96
Mentor Graphics	1.79	89
Compaq	1.58	81
Applied Biosys	1.26	55
Intergraph	1.24	101
Sun Micro	1.04	120
Apple Computer	0.81	69
Digital Equip	0.74	84

To suggest the range of options available on widely followed science and technology stocks, 20 are noted here *(see table)*. Options on these stocks are traded on the Chicago Board of Options Exchange or the American or Pacific exchanges. The stocks are ranked in order of decreasing price/sales ratios (PSR), with the most costly stocks at the top of the list. The PSR is particularly useful in comparing mature companies with younger companies that may not yet have any significant earnings history.

Included with the PSR is an 18-month relative strength measure, which compares the performance of the stock with that of the NYSE Composite Index over the span of the past 18 months. The NYSE's performance is taken as 100%. One might state, for example, that a stock with a relative strength of 78% had done 78% as well as the NYSE index, and thus has some catching up to do. Conversely, a stock with a relative strength of 120% has so strongly outperformed the market that it may be overbought and headed for a correction.

In this table, most traders would scan for potential put options among the issues at the top of the list, and for potential call options at the bottom. It appears biotechnology and software stocks are quite advanced in price just now, while the semiconductor and computer hardware stocks are depressed. If the market weakens, the software and biotechnologies might be in for a tumble. If the market strengthens, look to the computer hardware stocks for a quick rebound.

Since these are optionable stocks, we are looking at them here purely with an eye to their potential for sharp price excursions—sudden corrections and pops. This approach does not take into consideration the long-term outlook for the underlying stocks. And I would reemphasize: If you elect to play this game, keep the stakes tiny. It is fun to win but awfully easy to lose. ■

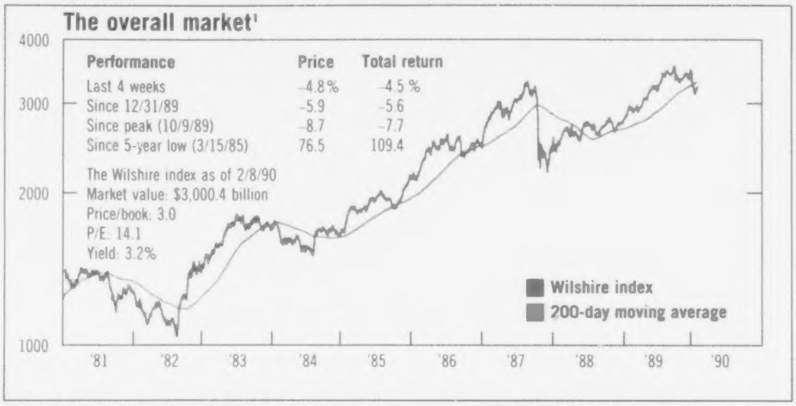
Michael Gianturco is president of The Princeton Portfolios, a New Jersey asset management firm, and edits The Top Ten, *its weekly computerized newsletter on investments in science and technology.*

The Forbes Wall Street Review

Edited by Eric S. Hardy

The recent rebound of stock prices during the first two weeks of February may only be a fluke rather than a genuine upward trend. Goldman, Sachs' Steven Einhorn expects a softer economy with GNP growth of about 1% in 1990. In January his firm advised clients to raise their cash positions from 5% to 20% and reduce the equities in their portfolios from 65% to 50%. The market's recovery may be short-lived but the two-week gains in major indexes were welcomed by investors. The blue-chip Dow industrials rose 3.3%, while the Wilshire index of 6,000 stocks gained 1.7%.

The overall market[1]



Performance	Price	Total return
Last 4 weeks	-4.8%	-4.5 %
Since 12/31/89	-5.9	-5.6
Since peak (10/9/89)	-8.7	-7.7
Since 5-year low (3/15/85)	76.5	109.4

The Wilshire index as of 2/8/90
Market value: $3,000.4 billion
Price/book: 3.0
P/E: 14.1
Yield: 3.2%

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,216.98	1.7%
Wilshire index 6,000 stocks, equal weighted	20.94	1.5
Dow Jones industrials 30 stocks: divisor-adjusted price average	2,644.37	3.3
S&P 500 Capitalization weighted cross-section, major stocks	332.96	2.1
NYSE Capitalization weighted, all listed common stocks	184.09	1.9
Amex Capitalization weighted total return: stocks, warrants	357.68	1.1
Nasdaq Capitalization weighted, all issues except warrants	427.32	0.5
Amex international market index Capitalization weighted, 50 largest ADRs	325.70	1.1

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[2] (EAFE) a dollar denominated capitalization weighted index	1011.70	1.7%
Institutional[3] Approximately 200 stocks with high institutional ownership	109.72	2.0
Individual[3] Approximately 200 stocks with low institutional ownership	104.41	0.8
Russell 2000 index 2000 stocks with small market values, capitalization-weighted	158.62	0.4
Gold[4] (Composite quote of 6 major dealers)	$419.00	0.6
Yen[4] (per $U.S.)	145.23	1.1
Commodity index[4] (CRB futures index, 1967 = 100)	230.81	-0.3
Oil[4] (W Texas Intermediate)	$22.09	2.3
T Bills[4] (90 days)	7.78%	-10 basis points
Broker loan rate[4]	9.25%	unchanged

The Best Performing Stocks

Company	Price	2-week change	P/E	Reason
GW Utilities	28½	62%	29	Olympia & York announces plans to take company private at $36 (Canadian) per share
Genentech	27¼	29	55	Hoffman La Roche offers $36 per share to acquire 60% of company
Bariod	12½	28	66	1989 earnings increase 48% to 28 cents per share
Harsco	26	20	NA	Carlisle files 13-D report indicating it owns 6.3% of the company
Foster Wheeler	25	19	28	Analysts expect company to benefit from upgrading of U.S. enviornmental standards

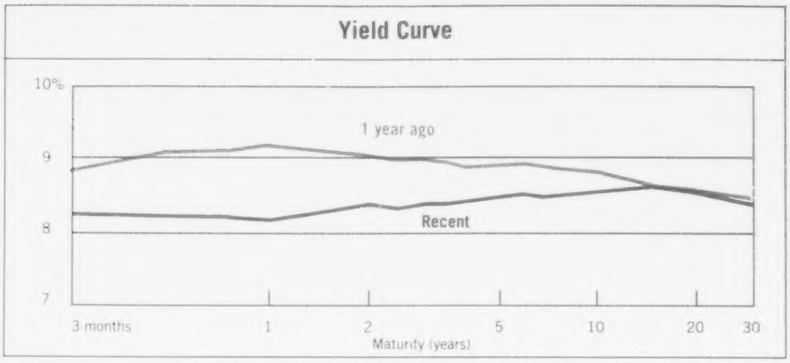
The Worst Performing Stocks

Company	Price	2-week change	P/E	Reason
Jan Bell Marketing	17	-27%	26	Unfounded rumors of illegal business practices causes increase in short selling
Consolidated Freightways	18⅝	-25	9	Reports poor 1989 earnings, 33 cents a share, down from $3.00 for 1988
First Interstate	35	-19	6	Market gives negative response to proposed secondary offering of common stock
Norton	46	-16	10	Fourth quarter earnings are below expectations
Mentor Graphics	15¾	-16	13	Morgan Stanley issues report predicting flat growth in first half of 1990

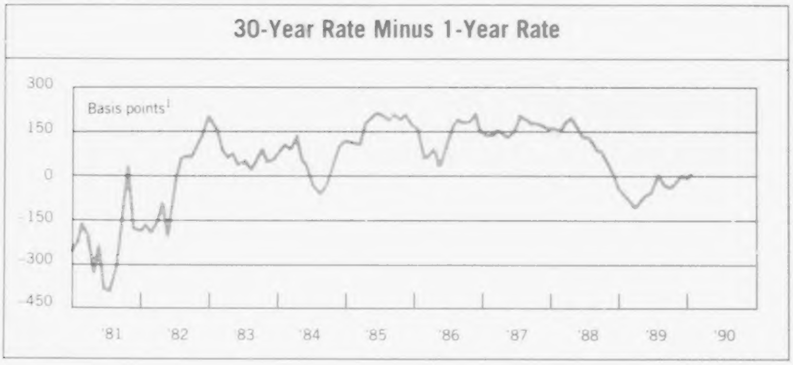
Note: All data for periods ending 2/8/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization-weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Morgan Stanley Capital International Perspective. [3]For period ending 2/9/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [4]Knight-Ridder Financial Information. [5]A basis point is equal to one-hundredth of a percentage point. NA: Not applicable.

Fixed Income Review

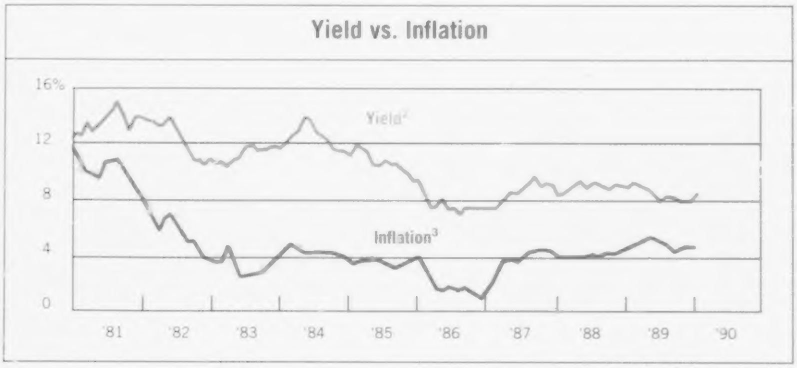
Edited by Eric S. Hardy



Yield Curve



30-Year Rate Minus 1-Year Rate



Yield vs. Inflation

Yields on 30-year Treasurys started the year at under 8%, and are now at 8½%. Fixed-rate mortgages of 10% or less were easy to find late in 1989, but the average rate now hovers at around 10¼%. The government's auction of 40-year Resolution Trust bonds went poorly, and Federal Reserve Chairman Alan Greenspan's generally upbeat testimony before the Joint Economic Committee of Congress caused some Fed watchers to expect that a quick decline in interest rates is not in the cards.

The overall decline in bond prices is only a short-term phenomenon, according to the *Bank Credit Analyst.* The monthly forecasting service, based in Montreal, says an expected weak economy in 1990 should keep the lid on interest rates and that the recent uptick in interest rates could be merely a technical correction.

Although the widely publicized auction of 40-year bonds indeed went badly, these bonds recently traded at higher prices on the secondary market. Roland Lochoff, who works in the fixed income department at Barra Inc., the financial and investment consulting firm that provides most of the information on this page, says the very long 40-year maturity of this debt instrument added a slight twist, and so pricing it was tricky.

The relatively flat yield curve *(see top left)* means investors no longer demand an interest premium for short-term bonds, possibly reflecting less uncertainty about short-term rates. The spread between Government and Corporate bonds rose by 11 basis points from October levels. But the market continued to lose confidence in LBO financing—forcing RJR Nabisco to delay a crucial issue. The relative yield of junk bonds (the difference between their current yield and what Treasurys of similar maturity pay) increased by 29 basis points from October, to 774 basis points.

For the last 12 months junk bond investors were hit hard: Their total return was a negative 5.1%. Treasury securities, which carry no credit risk, had a total return of 11.2%. (Note: we now show an annualized figure for 3-year total returns.) This is not the kind of performance junk bond investors have been conditioned to expect.

Spread over Treasurys		Total returns		
Security	**Basis points[1]**	**Security**	**1 year[6]**	**3 years[6,7]**
AA corporates	84	**AAA corporates**	11.1%	7.2%
AAA industrials	73	**Ginnie Maes[5]**	12.9	9.0
Ginnie Maes	90	**Junk corporates[4]**	–5.1	4.0
Junk corporates[4]	774	**Municipals[5]**	8.0	6.2
Municipals[5]	–116	**Treasury bonds**	11.2	6.8

Note: Except where footnoted, all information provided by Berkeley, Calif.-based Barra, a financial consulting firm. [1] A basis point is equal to one-hundredth of a percentage point. [2] Yield on ten-year Treasurys. [3] The trailing 12-month increase in the Consumer Price Index, through 12/31/89. [4] Source: First Boston. [5] Source: Shearson Lehman Hutton. [6] Through 1/31/90. [7] Three-year total return, annualized.

Statistical Spotlight

In a turbulent market, companies with strong records of earnings and dividend growth gain added popularity. The 50 companies here have such growth records.

The checks are in the mail

By Eric Hardy and Katarzyna Wandycz

IN A TEETER-TOTTERING stock market, it's nice to get high and rising dividend checks in the mail. James E. Stowers Jr. likes the feeling, and invests accordingly.

Stowers is head of Twentieth Century Investors, a Kansas City, Mo.-based mutual fund distributor with $6.5 billion in assets. Two of the funds he manages are made up exclusively of income-producing common stocks—Twentieth Century Select and Twentieth Century Heritage. For these portfolios, Stowers looks for stocks that have over several years demonstrated earnings and sales growth. In most cases, this means increasing dividends as well. The Select Fund, in particular, has appeared on FORBES' mutual fund honor roll, published each September. During 1989 the Select Fund's total return was 39.5%; the Heritage Fund's was 35%; the S&P 500's was 32%.

Now that capital gains and dividend income are taxed at the same rate, companies seem to be more willing to pay out more of their earnings as dividends. Evelyn Feit, who analyzes dividend payout patterns of over 10,000 companies for Kidder, Peabody & Co., reports that for six years prior to the 1986 tax act, compounded annual dividend growth for the S&P 500 index was 5.1% per year. From 1986 through 1991, she estimates the compounded annual growth rate will climb to 8.6% a year.

Comes a bad recession, companies can—and often do—cut dividends. But once a company has established a consistent dividend policy, it's hard to turn back. "The last thing they want to do is cut their dividend," says James E. Stowers III, 30, who comanages the funds with his father. According to information Feit gathered from Standard & Poor's, 245 of the companies she studies reduced or omitted dividends during 1989, well below the 573 companies that took this action during the 1982 recession. Feit's research indicates that the current economic slowdown may not cause widespread dividend cuts even in cyclical industries like steel, chemicals and autos. That's because companies have better earnings diversity, healthier balance sheets and stronger cash positions than during the last recession.

The 50 companies in the table all

Yields for a choppy market

During the good and bad times of the 1980s, these 50 corporations steadily increased their cash dividends while maintaining strong balance sheets. Their stocks are especially attractive in this volatile market because managements are likely to maintain their dividends even if the economy falters over the next few months.

	Recent	—52-week—		—5-year growth rate—			—Earnings per share—		12-month
Company/business	price	high	low	EPS	dividends	yield	1989	1990E	P/E
Abbott Labs/pharmaceuticals	64½	70⅜	48⅛	19%	19%	2.2%	$3.85	$4.42	16.8
Albertson's/supermarkets	52⅝	60¼	30⅝	19	13	1.5	2.88E	3.35	18.7
Alco Standard/industrial & consumer products	31⅝	36⅝	25⅜	24	5	2.7	2.57	2.76	12.3
American Brands/tobacco & food products	67	81⅞	61⅞	14	6	4.2	6.51	7.08	10.3
AMP/electrical equipment	48⅜	49⅛	40	16	12	2.8	2.63	2.93	18.4
Anheuser-Busch/beverages	36⅞	46	32⅝	18	19	2.4	2.68E	2.98	13.8
Automatic Data Processing/data processing	49⅜	50¾	35¾	18	13	1.2	2.53	2.87	18.4
Bandag/rubber	79¾	89¼	66⅜	19	11	1.3	5.22	5.74	15.3
Cincinnati Bell/telecommunications	26⅜	35	20	17	12	2.6	1.49	1.71	17.7
Clorox/consumer products	38½	44½	30¾	9	15	3.2	2.66	2.86	14.0
Coca-Cola/beverages	69⅜	81	46½	16	6	2.0	3.39	3.94	20.5
Crawford/insurance claims adjusters	30½	36¼	16⅛	22	16	2.1	1.57	1.69	19.4
RR Donnelley & Sons/printing	43⅞	52⅝	36⅛	11	13	2.2	2.85	3.14	15.4
Dover/elevators	35¾	39½	27¼	12	13	2.0	2.23	2.54	16.0
EG&G/electronics	35½	36½	29⅞	5	11	2.1	2.40	2.85	14.8

E: estimate.

have strong earnings and dividend growth histories. The list is the result of screening Media General's database of over 5,000 stocks for companies that have raised their dividends at least once every year for the past ten years—a period that covers a complete and diverse economic cycle. Dropped from consideration were companies with more debt than equity, aftertax cash flow less than 15% of debt, and companies that paid out more than half of net income in dividends. All the companies on the list have a financial rating of A or better from the Value Line Investment Survey. Moreover, every company on the list has posted average annual earnings growth of at least 5% during the past five years; with each company is a 1990 consensus earnings estimate, courtesy of the Institutional Brokers Estimate System, a service of New York brokerage firm Lynch, Jones & Ryan.

Of these 50 companies, Great Lakes Chemical, a specialty chemical maker, shows the highest five-year earnings growth, 28%. Its dividend growth: about average, at 18% a year since 1984. At this rate its yield will double within five years.

Two major food company acquisitions back in the 1980s didn't prevent Philip Morris, one of five Dow industrial stocks in our survey, from posting the fourth-best five-year earnings record, 25%. Coca-Cola, McDonald's, 3M and Procter & Gamble are the other Dow stocks that qualify for this list. American Brands now yields 4.2%, the highest of the 50 stocks in our survey. But its dividend growth rate is 6%, compared with Syntex, with 27%.

There is no guarantee that earnings and dividend payouts of these companies will never fall out of bed. But their histories suggest that their shareholders should sleep a little bit sounder in this volatile stock market period. ■

Yields for a choppy market

Company/business	Recent price	—52-week— high	low	—5-year growth rate— EPS	dividends	yield	—Earnings per share— 1989	1990E	12-month P/E
Emerson Electric/electrical equipment	38	41⅝	29½	9%	7%	3.3%	$2.63	$2.85	14.4
Gannett/ publishing	39⅞	49⅞	35¾	12	11	3.0	2.47	2.78	16.1
WW Grainger/electrical equipment	62⅝	66¼	52½	13	8	1.7	4.22E	4.83	15.2
Great Lakes Chemical/chemicals	45⅞	49¾	30¼	28	18	0.9	3.52	3.99	13.0
Hershey Foods/food processing	31½	36⅞	24⅞	14	12	2.5	1.91	2.22	17.3
Hubbell/electrical equipment	42	46	31⅝	13	15	3.2	2.80	3.03	15.0
Hunt Mfg/office products	19¾	24⅞	17⅞	22	20	1.4	1.17	1.32	16.9
Internatl Flavors & Frag/flavors & fragrances	57½	77½	48¼	15	8	3.8	3.65	4.16	15.8
Johnson & Johnson/health care	55¾	60¾	42½	20	12	2.1	3.25	3.72	17.2
Kellogg/food processing	63¼	81⅝	57¾	17	16	2.7	3.46	4.31	18.3
Kimberly-Clark/paper products	66⅜	75⅜	58¾	17	15	3.9	5.26	5.60	12.6
Knight-Ridder/publishing	56¼	58⅜	42⅞	8	15	2.3	3.43	3.34	16.4
Eli Lilly/pharmaceuticals	63⅝	69¼	45¾	12	11	2.6	3.20	3.85	19.9
Luby's Cafeterias/restaurants	25½	28¾	23⅛	11	13	2.5	1.62	1.79	15.5
May Department Stores/department stores	46	52⅝	34⅝	10	13	3.1	3.72E	4.35	13.0
McDonald's/restaurants	33⅛	34⅞	24	15	13	0.9	1.95	2.21	17.0
McGraw-Hill/publishing	53⅞	86⅛	53½	8	11	4.0	3.93	3.85	13.7
Millipore/filters	25¾	37⅜	24¼	15	17	1.6	1.90	2.12	13.6
Minnesota Mining & Mfg/consumer products	81⅝	84	64½	15	8	3.6	5.60	6.10	14.6
National Service Industries/lighting equip	26¾	30⅜	23	9	14	3.4	1.92	2.07	13.8
NCR/computers	69⅜	69⅝	52½	13	11	1.9	5.44	5.84	12.8
Nucor/steel	50¾	67½	46¼	9	16	0.9	2.69E	3.75	17.8
Philip Morris/tobacco & food products	39¾	45½	26⅝	25	22	3.5	3.18	3.64	12.5
PPG Industries/glass	39½	46	37	17	17	3.8	4.18	4.11	9.4
Procter & Gamble/personal products	65½	70⅞	43¼	9	4	2.7	3.79	4.24	19.0
Quaker Oats/food processing	48¼	68⅞	48	8	17	2.9	2.70	3.77	19.1
Ralston Purina/food processing	81⅛	101½	77¾	18	13	2.3	5.99	6.30	13.7
Rohm & Haas/chemicals	29⅝	37½	29⅝	11	15	4.1	2.65	3.78	11.2
Rubbermaid/rubber & plastic products	32½	37¾	25¼	18	16	1.6	1.58	1.81	20.6
Sara Lee/food processing	27½	33¾	22⅜	16	16	3.1	1.75	1.93	15.3
Standard Register/office supplies	17⅛	19⅜	14¾	7	17	3.3	1.35	1.53	12.7
Super Valu Stores/food wholesaling	26½	30⅛	22⅝	12	11	2.5	1.97E	2.29	13.9
Syntex/pharmaceuticals	50⅛	54½	36½	22	27	3.0	2.67	3.01	18.0
Washington Post/publishing	274½	311	207	26	18	1.5	15.50	17.28	17.7
Waste Management/waste disposal	32¼	36¼	20½	27	22	1.0	1.24E	1.50	27.6

E: estimate. *Sources: Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan, and Media General, both via Lotus One Source.*

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1919-1990
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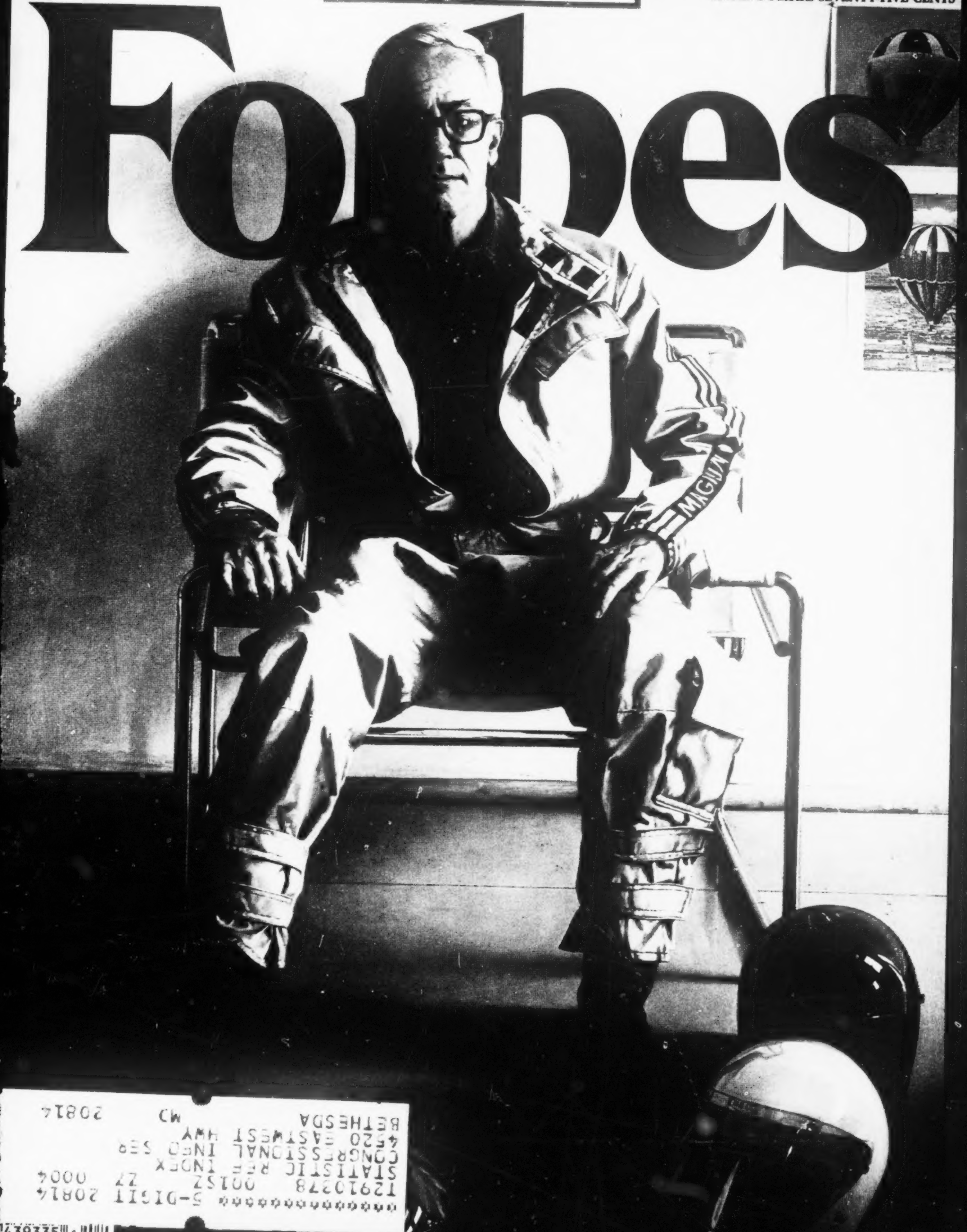

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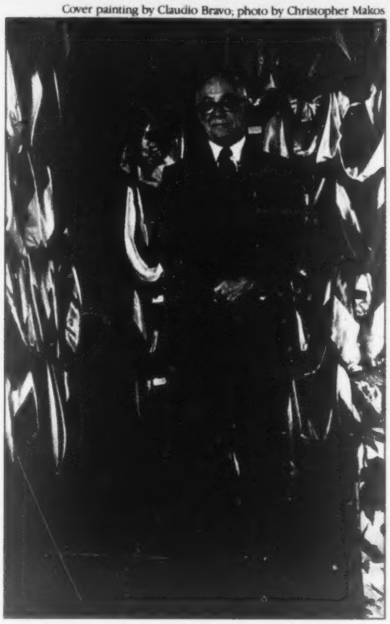

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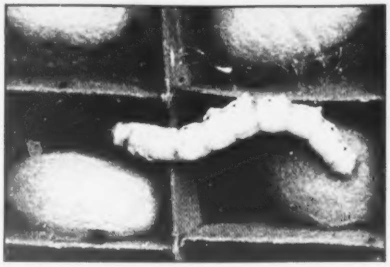

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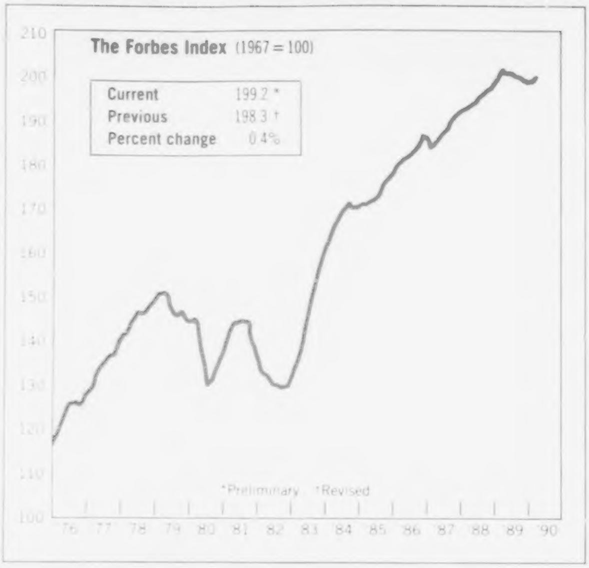
The Forbes Index



New housing starts (not seasonally adjusted) jumped 39% in January. That's the sharpest rise in almost a year. But favorable weather may have been more responsible for the improvement in this somewhat erratic indicator than any fundamental change in the home-building market. The Consumer Price Index jumped 1.1% in January, but nobody is taking it seriously. The sharp rise in food and energy prices accounted for about half of this increase. January industrial production declined 1.1% and now stands about where it did a year ago.

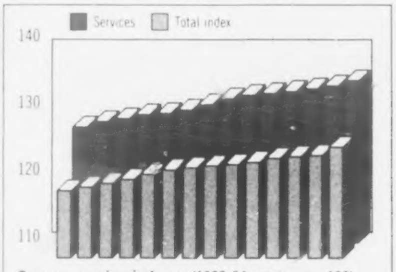
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales[1] year to date vs. 1989	Ward's Automotive	3.2%
Index of leading indicators December vs. November	Dept. of Commerce	0.8%
Trade balance last 12 months	Dept. of Commerce	–$108 bil
Producer price index[2] January vs. 1989	Dept. of Labor	5.8%
GNP 4th quarter vs. 3rd—annualized growth	Dept. of Commerce	0.5%
NBER Experimental Recession Index[3]	Natl Bureau of Economic Research	6.0%

[1] U.S. based manufacturers only as of 2/20/90. [2] Finished goods. [3] December 1989.

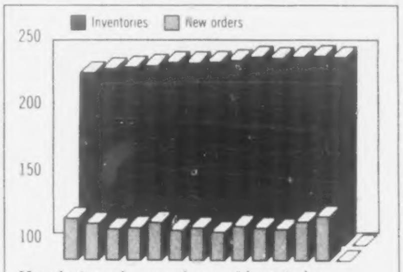
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

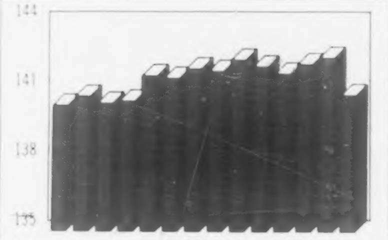
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



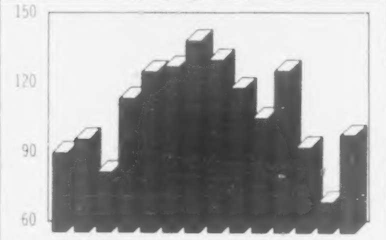
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



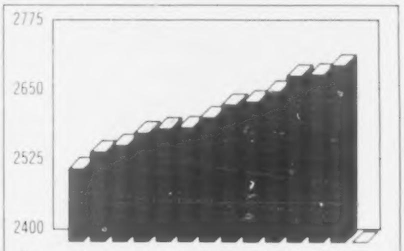
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



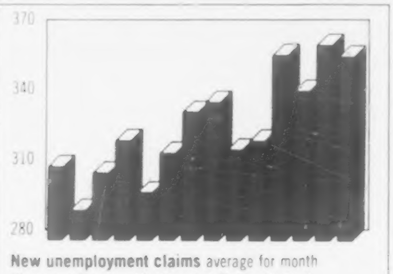
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



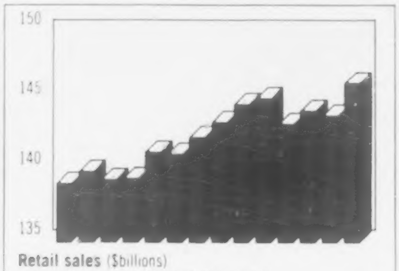
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



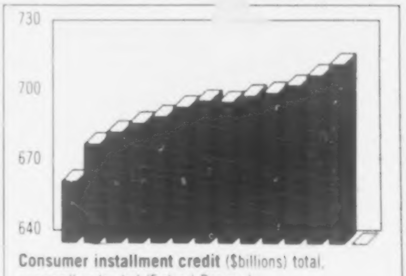
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



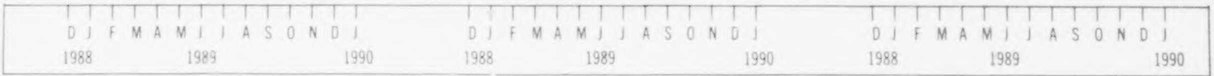
New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



The Forbes Wall Street Review

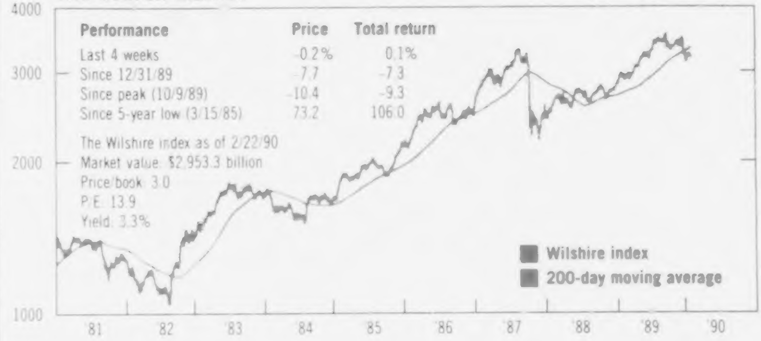
Edited by Eric S. Hardy

The capitalization-weighted Wilshire index is down about 10% from its October 1989 high, while its market value is once again under $3 trillion. Gail M. Dudack, a market analyst with S.G. Warburg Securities, observes that during the past few weeks a good trading session for the Dow didn't necessarily translate into a gain for the overall market. "Even when the Dow was up, the advance/decline ratio was weak and volume was lackluster," she says.

Dudack, who has been bearish since last September, believes the correction is only about half over, and expects the Dow to lose another 200 points or so before resuming its upward trek. Currently she is recommending only some high-yielding electric utilities and stocks in industries that have demonstrated above-average relative performance. These include the energy and gold sectors.

Investors in the old Holiday Corp. have been well rewarded. The company paid out a special $65 dividend in 1987. The "stub" stock (since renamed Promus) has performed well up to this point, despite falling 15% in the last two weeks. In February stockholders received shares in a British company, Bass Plc., in exchange for their equity in the firm's domestic motel operations, while another special cash dividend ($30) was paid out. A $1,000 investment in Holiday Corp. in January 1987 is now worth $1,750.

The overall market[1]



Performance	Price	Total return
Last 4 weeks	-0.2%	0.1%
Since 12/31/89	-7.7	-7.3
Since peak (10/9/89)	-10.4	-9.3
Since 5-year low (3/15/85)	73.2	106.0

The Wilshire index as of 2/22/90
Market value: $2,953.3 billion
Price/book: 3.0
P/E: 13.9
Yield: 3.3%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
McCormick	21¾	16%	18	1,444	0.6
West Point Pepperell	36½	16	30	39	1.8
Tyson Foods	26⅝	15	17	2,526	1.7
Freeport McMoRan Gold	16⅝	15	54	1,930	4.0
Castle & Cooke	34¼	15	23	1,775	1.5

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Century Communications	8½	-19%	NA	273	1.3
Crawford	25½	-16	16	70	0.6
Echo Bay Mines	16⅞	-16	38	5,528	1.1
Nordstrom	29¼	-16	18	9,915	3.8
Promus	25⅞	-16	NA	2,688	1.0

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,156.66	-1.9%
Wilshire index 6,000 stocks, equal weighted	21.06	0.5
Dow Jones industrials 30 stocks: divisor-adjusted price average	2,574.77	-2.6
S&P 500 Capitalization weighted cross section, major stocks	325.70	-2.2
NYSE Capitalization weighted, all listed common stocks	180.28	-2.1
Amex Capitalization weighted total return: stocks, warrants	353.35	-1.2
Nasdaq Capitalization weighted, all issues except warrants	422.76	-1.1
Amex international market index Capitalization weighted, 50 largest ADRs	316.28	-2.9

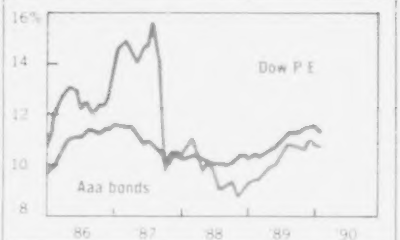
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	966.50	-4.5%
Institutional[5] Approximately 200 stocks with high institutional ownership	107.69	-1.9
Individual[5] Approximately 200 stocks with low institutional ownership	103.31	-1.1
Russell 2000 index 2000 stocks with small market values, capitalization weighted	157.80	-0.5
Gold[6] (Composite quote of 6 major dealers)	$418.00	-0.2
Yen[6] (per $U.S.)	146.40	0.8
Commodity index[6] (CRB futures index: 1967 = 100)	236.25	2.4
Oil[6] (W Texas Intermediate)	$21.75	-1.5
T Bills[6] (90 days)	7.73%	-5 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 2/22/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Average daily volume over a 2-week period. [3] Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4] Morgan Stanley Capital International Perspective. [5] For period ending 2/23/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6] Knight-Ridder Financial Information. [7] A basis point is equal to one-hundredth of a percentage point. NA: Not applicable.

What the Analysts Think

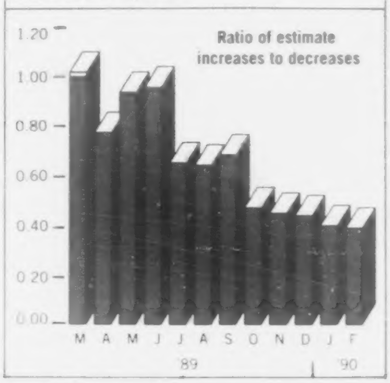
Edited by Steven Ramos

Dow P/E * vs. Aaa bonds †



*Dow P/E is the recent price of the Dow divided by estimated earnings over the next 12 months. †Projected price-to-coupon ratio for Moody's Aaa corporate bond index.

S&P 500 companies



Forecasting the S&P 500

Year	Estimated P/E	% change current estimate vs. 3 months ago	Expected year-to-year EPS growth
1989[1]	13.5	NA	-3%
1990	11.6	-5%	16
1991	10.3	-4	13

1990 estimates for major industry groups

Rising estimates	Falling estimates
oil & gas drilling	publishing
gold	airlines
household products	steel
insurance brokers	machine tools
prop/cas insurance	leisure time

Many investors seem to be preoccupied with the possibility of a jump in inflation, but Richard Pucci blames disinflation for the disappointing corporate profits in the second half of last year. Pucci, director of IBES at the New York City-based brokerage firm Lynch, Jones & Ryan, says excess capacity and slower economic growth left corporations with limited pricing flexibility in the last two quarters. (Most visible case in point: automobile rebates.) Prices failed to keep pace with costs, and profit margins suffered. The extent of the earnings slide fooled a lot of security analysts—hence the large number of negative earnings surprises in the last six months of 1989. According to Pucci, 1989 earnings for the Standard & Poor's 500 will be off about 3% from 1988.

What about 1990? After a slow first half, analysts expect the economy to improve in the last six months. The current outlook calls for Standard & Poor's 500 earnings to be up 16% from 1989. But this forecast should be watched carefully. Analysts have been feverishly lowering their estimates. Right now, for every 10 S&P 500 estimates that they raise, they are lowering 26 estimates *(see center box above)*.

Who's Hot

These companies show the greatest increases in estimates over the past three months.[2]

Company/industry	1989 EPS	1990 estimate recent	1990 estimate 3-mo chg	1990 estimate P/E	3-mo price chg	Reason
AST Research/computers	$0.64	$1.51	54%	10	49%	Demand for its Intel 80386-based PCs
Western Digital/computer peripherals	1.18	0.66	26	14	35	Order bookings are at record levels
Thermo Process Sys/industrial machinery	0.16[3]	0.67[4]	24	22	14	Several new contracts from defense companies
Oceaneering Intl/offshore drilling	0.44[3]	0.71[4]	24	17	28	Sonsub acquisition will increase market share
Mylan Labs/generic drugs	0.65[3]	1.18[4]	23	19	10	FDA testing scandal hurts competitors

Who's Not

These companies show the greatest decreases in estimates over the past three months.[2]

Company/industry	1989 EPS	1990 estimate recent	1990 estimate 3-mo chg	1990 estimate P/E	3-mo price chg	Reason
Micron Technology/semiconductors	$2.41	$0.31	-82%	29	-20%	Falling prices for DRAM chips
National Education/communications	0.29[3]	0.24	-69	21	-37	Continued losses at Applied Learning sudsidiary
SCI Systems/computer peripherals	1.00	0.32	-64	31	6	Major customer files Chapter 11
USAir Group/airline	1.71	1.19	-62	21	-29	Rising fuel costs and lower air fares
Commodore Intl/microcomputers	1.60	0.70	-58	11	12	Higher operating expenses; lower demand for its PCs

[1] Actual. [2] Companies with market capitalization of $100 million or more. [3] 1990 estimate. [4] 1991 estimate. Earnings projections are Wall Street consensus estimates. Data from over 3,000 security analysts are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan Investment Services, New York. Aaa bond yield forecasts supplied by Blue Chip Economic Advisors. NA: Not available.

For investors who would rather pick their own European stocks than buy an overpriced country fund, here is a starting list.

Euro-shopping

By Charles M. Bartlett Jr. and Warren Midgett

SO HOT IS the action in one-country closed-end funds that several European funds have climbed to ridiculous premiums over their underlying asset value. At least nine closed-ends specializing in European stocks have come out in the past 12 months or are in the works now.

Many smart investors who like foreign stocks, however, don't buy closed-ends trading in the aftermarket at a premium. Why pay $1.50 for a dollar bill? Nor do they buy closed-ends when they first come out (a sales load is built into the price).

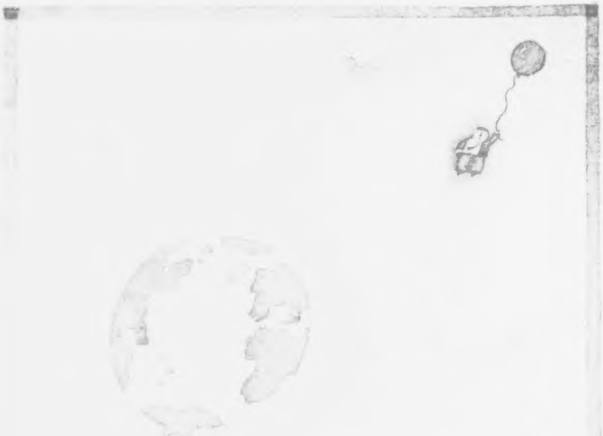
What do they do? For investors desirous of participating in the European investment scene, several options remain. One is to retreat to the comparative safety of foreign bonds, as Ben Weberman recommends in his column on page 199. Another is to buy an open-end foreign fund, preferably one with no sales load. The third, for those with the patience and the capital, is to create a diversified European portfolio one stock at a time. The foreign-stock sampling on these pages is a starting point.

If your taste runs to blue chips with long holding periods, a do-it-yourself European portfolio is quite plausible. We looked at the Germany Fund's last annual report. Of the $158 million in its portfolio, $32 million was invested in stocks such as BASF, Daimler-Benz and Dresdner Bank, all issues that are well known and easily obtainable through a good U.S. broker. On the other hand, the Germany Fund's holdings also include stocks such as Aachener & Münchener Beteiligungs, Gerresheimer Glas and Altana. U.S. investors will not find it easy obtaining financial information on these smaller stocks.

Many of the biggest foreign issues are available in the form of American Depositary Receipts, or ADRs. Sponsored ADRs have a bank, such as Morgan Guaranty or Citicorp, that takes care of all the paperwork and complications involved in foreign investing. ADRs, each of them a package of a certain number of foreign shares, are traded on a U.S. exchange and are quoted in dollars. Donna Pulini, vice president of the ADR department at Citibank, estimates that there are now over 800 ADRs available, up a third from 1985.

If you can t find an ADR for the company you want to buy, plan on spending a few extra basis points on currency conversion and a little extra time getting your broker to take a purchase order. And, even for the big companies, resign yourself to getting less frequent and less complete financial reports.

Our earnings forecasts come from the Institutional Brokers Estimate System, with other data provided by Morgan Stanley, Randall-Helms and Wilshire Associates. ■



How the markets compare

This Jan. 31, 1990 snapshot shows relative valuations of 11 European markets and U.S. stocks.

Country	P/E	Yield	Market value (bil)	Year-to-date price change
Denmark	14.7	1.5%	$23.1	3.3%
Finland	10.6	2.7	12.2	5.8
France	11.7	2.9	178.9	–7.9
Germany	18.4	2.9	231.2	3.4
Italy	13.8	2.6	94.1	–2.7
Netherlands	9.3	4.5	88.2	–5.3
Norway	13.4	1.4	15.8	19.5
Spain	12.9	4.4	59.0	–6.1
Sweden	15.1	1.9	63.0	–8.4
Switzerland	16.3	2.1	102.5	2.4
U.K.	11.2	4.7	501.1	–0.7
U.S.	14.1	3.6	1,721.8	–6.8

Source: Morgan Stanley Capital International Perspective.

Do-it-yourself foreign fund

One alternative to paying a premium for a foreign closed-end stock fund is to invest in individual stocks. The table lists some of the better-known European ones, along with 1990 earnings forecasts from the Institutional Brokers Estimate System. Stocks available as American Depositary Receipts are marked with a •.

	Stock price			Latest	Earnings per share				Market
		—1989—		12-mo					value*
Company/business	recent	high	low	P/E	1989	1990E	Dividend	Yield	(mil)
France									
CIE Financière de Paribas/banking	$112.69	$127.68	$79.49	11.8	$9.93	$11.04	$2.65	2.3%	$7,998
Crédit Lyonnais/banking	123.62	125.48	84.81	8.2	17.34	19.65	5.03	4.1	3,078
Générale des Eaux/business & public svcs	356.93	411.78	275.00	22.5	18.13	20.97	7.94	2.2	6,537
Générale d'Electricité/elec & electron	94.88	94.88	66.31	10.3	6.54	7.39	2.38	2.5	9,546
•**LVMH**/beverages & tobacco, luxury goods	164.00	192.50	117.00	NA	7.21	9.32	1.09	0.7	10,097
Michelin/tire & rubber	23.10	33.89	26.82	4.3	4.50	4.69	0.60	2.6	2,470
Peugeot/automobiles	123.97	164.01	130.24	3.8	36.01	40.79	3.70	3.0	6,455
Saint-Gobain/misc materials & commod	93.47	122.35	98.40	7.1	12.31	13.56	3.44	3.7	6,237
Société Générale/banking	96.64	93.47	82.36	9.7	10.23	11.48	3.44	3.6	5,658
Société Nationale Elf Aquitaine/energy	102.81	95.58	73.33	7.4	13.70	14.57	5.29	5.1	10,640
Total-CIE Française Pétroles/energy	95.41	101.40	70.09	6.2	8.73	10.18	5.29	5.5	3,429
Germany									
BASF/chemicals	179.79	187.88	160.61	8.6	23.97	24.27	11.24	6.3	10,534
Bayer/chemicals	186.50	187.40	169.78	9.2	22.59	23.25	11.24	6.0	12,045
BMW/automobiles	378.16	365.87	291.94	15.9	32.36	34.58	11.70	3.1	4,970
Daimler-Benz/automobiles	530.38	484.23	379.49	15.1	32.24	32.66	11.24	2.1	23,015
Deutsche Bank/banking	470.45	472.61	287.25	NA	28.11	32.24	13.11	2.8	18,856
Dresdner Bank/banking	243.02	258.90	182.62	NA	16.72	17.92	9.37	3.9	8,220
Hoechst/chemicals	183.99	189.68	154.92	8.1	23.97	23.97	11.24	6.1	10,324
Mannesmann/machinery & engineering	209.76	222.94	121.14	20.0	13.96	15.22	6.09	2.9	6,259
Metallgesellschaft/multicompany	389.55	360.18	213.05	31.0	15.28	16.12	7.49	1.9	2,880
Siemens/electrical equip, electronics	447.98	431.50	304.44	18.8	27.09	29.49	11.70	2.6	21,493
Thyssen/steel	175.71	163.61	125.32	11.3	21.16	21.99	9.37	5.3	5,110
Volkswagen/automobiles	331.41	324.22	187.58	12.0	37.40	42.37	9.37	2.8	9,481
Italy									
•**Fiat**/automobiles	41.00	45.25	31.00	8.3	5.91	6.61	0.78	1.9	17,125
•**Montedison**/chemicals	15.25	18.50	13.62	8.6	1.68	1.49	0.24	1.6	3,922
Olivetti Group/data processing	5.35	7.67	5.98	10.3	0.48	0.54	0.27	5.1	3,277
Pirelli/automobiles	2.14	3.28	2.36	8.0	0.24	0.26	8.95	4.2	2,260
STET/telecomm	4.00	4.08	2.64	10.1	0.44	0.49	0.16	4.0	6,849
Netherlands									
•**Aegon**/insurance	56.50	61.12	42.25	NA	6.30	6.82	2.37	4.2	2,362
•**Akzo**/chemicals	31.63	36.87	30.00	6.2	5.50	5.96	1.46	4.6	2,891
•**KLM Royal Dutch Airline**/airline	17.75	26.50	19.88	5.6	4.55	4.17	0.69	3.9	1,191
•**Oce-Van Der Grinten**/computer equip	29.25	31.00	26.25	10.6	3.02	3.31	0.80	2.7	430
•**Philips NV**/electrical equip, electronics	21.88	25.12	16.37	10.2	2.38	2.55	0.81	3.7	6,120
•**Royal Dutch Petroleum**/integrated oil	76.38	77.87	58.12	10.2	7.63	7.84	3.36	4.4	40,499
•**Unilever NV**/multicompany	75.88	85.75	60.50	13.7	6.35	7.07	1.78	2.3	12,706

*Market value of foreign shares reflects aggregate value of all classes of common stock. Market value of ADRs measures only the class of foreign stock represented by the ADR. E: Estimate. NA: Not available.

Sources: Institutional Brokers Estimate System; Morgan Stanley Capital International Perspective; Wilshire Associates; Forbes.

Do-it-yourself foreign fund

Company/business	Stock price recent	Stock price 1989 high	Stock price 1989 low	Latest 12-mo P/E	Earnings per share 1989	Earnings per share 1990E	Dividend	Yield	Market value* (mil)
Scandinavia									
•**ASEA Brown Boveri**/electronics	$122.50	$57.25	$44.50	29.1	$6.02	$7.81	$1.13	0.9%	$7,303
•**Electrolux**/household appliances	41.38	58.75	37.75	7.0	5.91	6.00	1.47	3.6	3,333
•**LM Ericsson**/telecommunications	136.75	160.12	62.00	30.9	8.38	10.23	1.33	1.0	6,240
•**Gambro**/health & personal care prods	21.63	22.62	17.37	21.6	1.33	1.56	0.23	1.1	492
•**Instrumentarium**/health care equip	14.00	15.62	11.00	6.5	1.69	1.66	0.20	1.4	626
•**Norsk Hydro**/fertilizers, oil, gas, metals	30.13	30.87	20.37	11.6	2.55	2.81	0.44	1.5	5,627
•**Novo-Nordisk**/chemicals	49.25	52.62	40.75	13.6	3.69	4.10	0.46	0.9	1,555
•**Pharmacia**/chemicals	22.25	24.75	16.25	19.5	1.21	1.44	0.20	0.9	2,085
•**SCA Svenska Cellulosa**/forest products	16.75	23.75	15.37	4.5	1.88	1.87	0.45	2.7	3,097
•**SKF Group**/bearings & steel prods	22.75	28.62	17.42	12.8	2.35	2.66	0.46	2.0	2,705
•**Volvo**/automobiles	59.88	81.00	59.87	6.5	11.41	11.33	1.84	3.1	5,191
Spain									
•**Banco Bilboa-Vizcaya**/banking	31.88	35.75	29.62	10.5	3.70	4.30	1.15	3.6	7,905
•**Banco Central**/banking	20.75	22.50	17.87	16.0	1.95	NA	0.60	2.9	4,151
•**Banco Santander**/banking	45.00	59.50	45.00	11.0	0.59	0.68	1.18	2.64	5,107
Iberduero/electric & gas	5.96	6.51	5.12	8.9	0.10	0.12	0.52	8.7	2,755
•**Repsol**/energy	23.25	24.75	16.37	14.1	0.44	0.53	0.27	1.2	6,754
Tabacalera/beverages & tobacco	6.15	8.90	7.04	12.5	0.62	0.73	0.19	3.1	1,210
•**Telefónica**/telecommunications	23.38	27.62	22.75	12.5	2.00	2.30	1.08	4.6	7,268
United Kingdom									
•**ADT Ltd**/security svcs, bldg mgmt	32.00	34.37	29.12	14.5	2.95	3.36	1.60	5.0	1,918
•**Barclays**/banking	38.00	39.50	27.37	6.9	4.36	6.30	1.80	4.7	10,882
•**BAT Industries**/tobacco, food & paper	13.63	14.75	8.75	11.8	1.26	1.38	0.32	2.3	20,524
•**BET Public**/multicompany	16.50	20.37	16.12	9.3	1.87	2.06	0.90	5.5	3,277
•**British Airways**/airline	33.75	38.37	29.62	7.5	4.66	5.03	1.63	4.8	2,458
•**British Gas**/gas	37.75	39.75	27.63	11.3	4.05	4.72	1.84	4.9	16,039
•**British Petroleum**/integrated oil	70.00	70.75	54.25	11.7	5.92	5.86	4.24	6.1	30,551
•**British Steel**/steel	22.88	24.37	19.62	4.3	4.72	3.65	1.38	6.0	4,439
•**British Telecom**/telecommunications	50.88	52.12	39.62	12.1	4.22	5.33	1.90	3.7	30,595
•**Cadbury Schweppes**/food processing	56.38	75.12	52.75	13.3	4.06	4.52	1.70	3.0	4,374
•**Courtaulds**/textiles	6.38	6.87	4.87	10.5	0.64	0.72	0.23	3.6	2,548
•**Fisons**/drugs	22.25	23.37	17.62	15.8	1.48	1.72	0.39	1.8	3,804
•**Glaxo Holdings**/food, drugs, medical equip	24.88	27.37	20.75	17.4	1.50A	1.75	1.01	4.1	17,876
•**Hanson**/multicompany	19.25	19.87	15.00	11.6	1.50A	1.76	0.80	4.2	14,818
•**Imperial Chemical Inds**/chemicals	70.50	87.25	68.50	8.0	8.93	8.60	3.98	5.6	12,479
•**National Westminster Bank**/banking	34.50	36.00	27.25	5.2	1.89	6.08	1.66	4.8	9,242
•**Racal Telecomm**/mobile telecomm	65.63	82.37	48.25	43.5	1.84	2.89	0.26	0.4	5,967
•**Rank Organisation**/leisure services, mfg	13.25	17.25	12.50	10.5	1.31	1.48	0.52	3.9	3,685
•**Reuters Holdings**/intl news service	52.50	54.00	33.50	27.2	2.05	2.58	0.55	1.0	7,293
•**Shell Transport & Trading**/integrated oil	48.63	49.62	37.87	11.9	4.12	4.27	1.93	4.0	26,962
•**Unilever Plc**/food & household prods	43.50	48.25	34.37	13.1	3.54	3.94	1.03	2.4	8,905

*Market value of foreign shares reflects aggregate value of all classes of common stock. Market value of ADRs measures only the class of foreign stock represented by the ADR. A: Actual earnings. E: Estimate. NA: Not available.

Sources: Institutional Brokers Estimate System; Morgan Stanley Capital International Perspective; Wilshire Associates; Forbes.

C3950-1

HOW TO MAKE MONEY FROM FAILING S&Ls

NEW TAX PITFALLS FOR CORPORATE THRIFT PLANS

APRIL 2, 1990

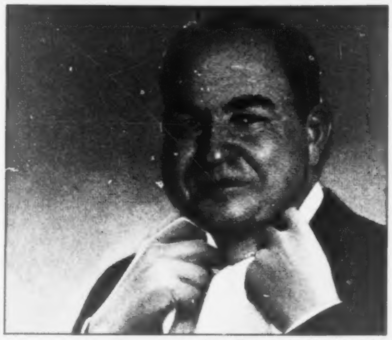
Forbes

THREE DOLLARS SEVENTY-FIVE CENTS

PHILIP MORRIS' ACQUISITIVE HAMISH MAXWELL

WHO'S NEXT?

Forbes



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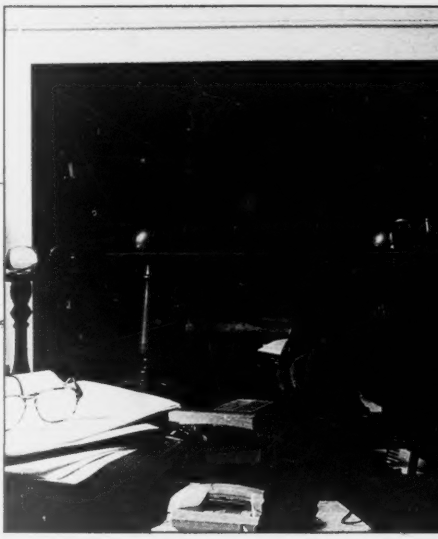

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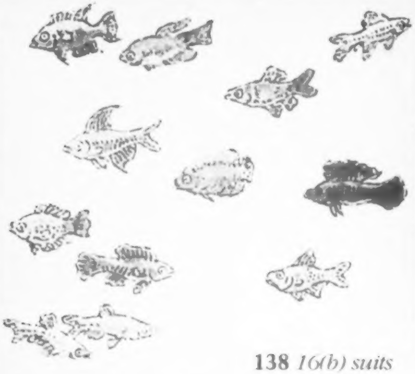

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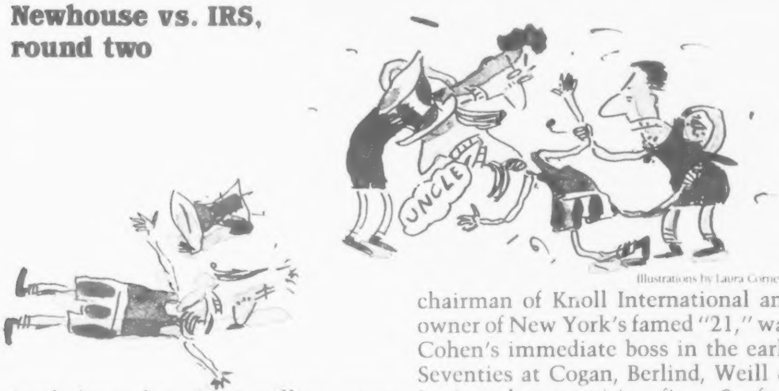
Forbes Informer

Edited by Eric Schmuckler

Newhouse vs. IRS, round two



Illustrations by Laura Cornell

Fresh from their $600 million court victory over the IRS in the tax battle over their father's estate, media magnates S.I. and Donald Newhouse now face another round with the feds. This time it's over the value of stock in the family businesses left by founder S.I. Newhouse to his wife, Mitzi, who died last June.

In the first case, the family contended that S.I. Sr.'s stake in the Newhouse private media empire was worth $247 million when he died in 1979; the IRS pegged his share at $1.3 billion. A tax court judge agreed with the Newhouses in late February.

In late 1988, just before the father's estate case went to trial, the IRS announced it was disputing the values Mitzi had placed on stock left her by S.I. Sr. and asked for more than $300 million in back taxes, plus $15 million in penalties. The Newhouses dispute the entire claim and say they owe nothing.

The judge rejected the government's valuations in the estate case and many of the same issues and values come into play in the Mitzi case. Even Robert Shilliday, top gun on the IRS side, concedes that the estate ruling will cause "a lot of difficulty" in pressing the Mitzi claim. But no early resolution is in sight. The government is still trying to decide whether to appeal the brothers' victory.

Cohen and Cogan: together again

Peter Cohen, 43, who was forced out recently as chairman of Shearson Lehman Hutton, isn't nursing his wounds. He's already set up camp for his next move. He has moved into the 59th-floor aerie of Manhattan's Citicorp Building, sharing space with his old mentor, Marshall Cogan. Cogan, chairman of Knoll International and owner of New York's famed "21," was Cohen's immediate boss in the early Seventies at Cogan, Berlind, Weill & Levitt, the securities firm Sanford (Sandy) Weill built into the Shearson colossus.

Cohen likes to reminisce about those days, especially about how he wondered what would happen to him when Cogan left the old firm after losing a power struggle to Sandy Weill. But Weill wound up taking Cohen to lunch and told him he wanted the young man's help in building the firm into a Wall Street powerhouse.

Will Cohen and Cogan join forces again? Neither could be reached for comment. Word is that for now Cogan is just helping his pal out with office space. But it woudn't surprise us if they did a deal or two together one of these days.

Son of Swink

'Twas the Wednesday after Christmas that Swink & Co., a junk municipal bond house in Little Rock, Ark., abruptly closed its doors last year. Few folks wept over its demise: Swink was a big seller of high-yielding municipal bonds that had a nasty habit of defaulting shortly after their issuance.

But the need to sell bonds apparently runs deep in Swink blood. In early March, First American Securities, a seller of—you guessed it—high-yield municipals, opened for business in the same offices that housed Swink & Co. Who's in charge? None other than Jim Swink Jr. Interestingly, after Swink went under, state regulators made firm principal Jim Swink Sr. sign a letter agreeing not to participate in any way with the new firm. But, as luck would have it, big Jim has set up shop just down the hall.

Guess Big Jim's regulatory agreement did not prohibit him from giving junior a few tips from time to time.—**Gretchen Morgenson**

Meyer's big gun

Who did penny stock scamster Meyer Blinder call when he found himself indicted on 11 criminal counts of securities and wire fraud in February? None other than Washington lawyer Brendan Sullivan, the same guy who defended Lieutenant Colonel Oliver North in the Iran-contra case. Blinder, who has a nasty habit of doing widows and orphans and other innocents out of their hard-earned money in security scams, is unlikely to attract the popular support Ollie North got. But neither is Meyer going to need to appeal to his friends and supporters to pay his bills.—**Claire Poole**

Take the money and run

Thanks to various campaign finance "reform" bills, 191 current members of the House of Representatives can just pocket their leftover campaign funds if they stand down by the 1992 election; they forfeit their conversion rights if they want to stay in Congress after that. We owe this insight to Mark Melcher of Prudential-Bache Securities, who keeps track of such things. He figures that because of this "conversion window" we may well see a bigger than expected turnover in Congress in the next couple of years. Which House members are sitting on the largest potential nest eggs? Check out the list below.

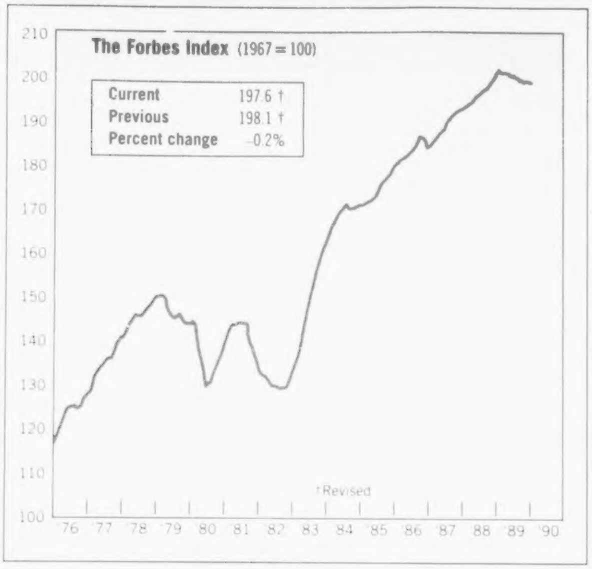
Congressional kitties

House members with the largest convertible campaign funds, as of Nov. 1988. These nest eggs have likely swollen some since then.

Stephen Solarz (D–NY)	$1,169,371
Dan Rostenkowski (D–Ill)	1,036,513
Ronnie Flippo (D–Ala)	811,379
Matthew Rinaldo (R–NJ)	757,226
James Quillen (R–Tenn)	714,450
Robert Matsui (D–Calif)	651,878
Bill Archer (R–Tex)	637,808
Carlos Moorhead (R–Calif)	619,378
Sam Gibbons (D–Fla)	616,950
Larry Hopkins (R–Ky)	604,822

Source: Congressional Quarterly

The Forbes Index



Tax reform and a slowing economy haven't yet convinced American consumers to lighten their debt loads. Although personal income gained 0.6% from December's revised total to a new high of over $2.7 trillion (annualized), consumer installment credit rose 1.1% during the period. That's the sharpest month-to-month increase in consumer debt in a year. If stiff, almost completely nondeductible interest on credit card debt isn't a motivation to pay cash or go without, perhaps nothing is. Final figures show the Forbes Index declined 0.5% in 1989.

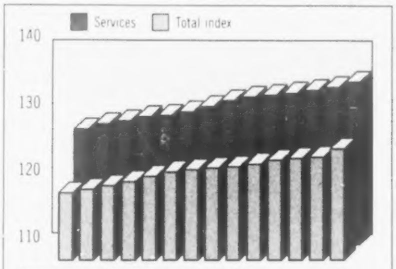
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales[1] year to date vs. 1989	Ward's Automotive	1.3%
Index of leading indicators January vs. December	Dept. of Commerce	0.0%
Trade balance last 12 months	Dept. of Commerce	−$108 bil
Producer price index[2] January vs. 1989	Dept. of Labor	5.8%
GNP 4th quarter vs. 3rd—annualized growth	Dept. of Commerce	0.9%†
NBER Experimental Recession Index[3]	Natl Bureau of Economic Research	3.0%

[1] U.S. based manufacturers only as of 2/28/90. [2] Finished goods. [3] January 1990. † Revised.

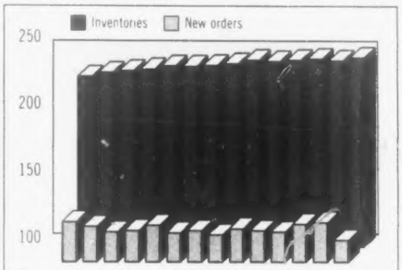
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

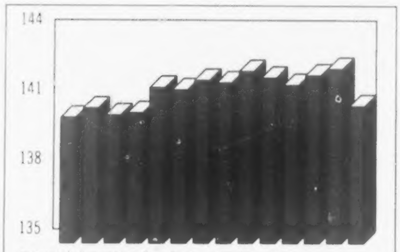
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



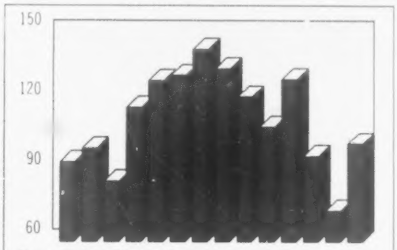
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



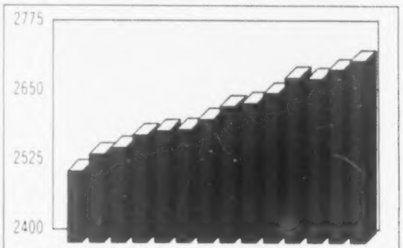
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



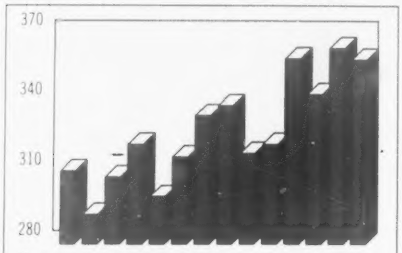
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



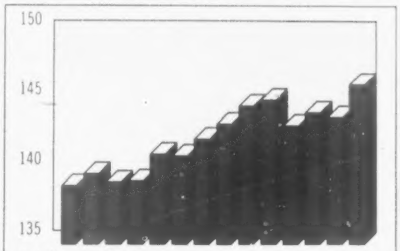
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



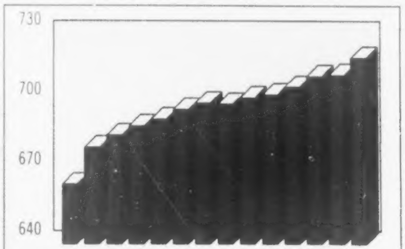
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



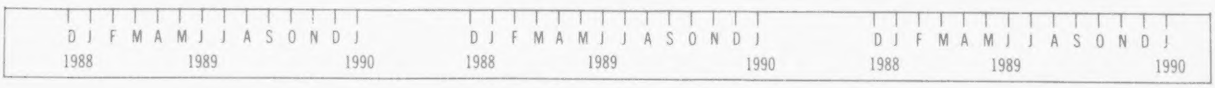
New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



made dozens of acquisitions, financed mostly with conventional bank debt and bond offerings, and had built Tyler's sales to over $1 billion.

McKinney still remembers the excited director at the Beverly Hills conference urging him to jump on the junk wagon and do more deals. He recalls the conversation:

"Joe," argued the director, "the banks wouldn't do these deals if they didn't hold water." Replied McKinney: "If you evaluate deals based on what the banks will lend on, you're in trouble."

Not long after his director tried to get him to buy more assets, McKinney decided it was time to sell. By the time his most recent asset sale is completed this spring, if all goes as planned, he will have sold off more than four-fifths of Tyler and distributed to shareholders some $415 million, around $21 in cash and acquirers' stock per Tyler share. Not a bad return on a stock that was (and currently is) trading at 9 or so before McKinney started unloading assets.

His strategy was in part defensive. In 1987, when takeover fever had become epidemic, Tyler had operations in electronics distribution, specialty coatings, explosives and cast-iron pipe and fittings for the construction industry—just the kind of collection of salable assets the raiders were looking for. McKinney: "Our stock was at 9 to 10 and was worth 22. The thought of a raider popping a deal on us at 15 was to me very repugnant."

Why not organize an insiders' buyout and capture the value difference for management? McKinney, who owns 5% of Tyler's equity, turns up his nose. "From the moment you make that decision, you put yourself on the other side of the table from the stockholder, and he's the guy you're working for."

Instead, McKinney began selling Tyler Corp.'s pieces in the junk-bond-fueled asset market. First to go, in August 1988, was Tyler's electronics distributor, Hall-Mark Electronics, sold to its management. McKinney paid out most of the $211 million net cash proceeds to shareholders as a special $10-a-share dividend.

Unfortunately, the dividend from Hall-Mark was taxable that year. Not so the proceeds from McKinney's next sale. A year later he sold Reliance Universal, Tyler's specialty coatings maker, to Akzo, the Dutch chemical conglomerate, in a deal worth $268 million. In this so-called Morris Trust transaction, McKinney put the assets he wanted to keep, the explosives and pipe and fittings operations, into a subsidiary and spun that off to shareholders, tax-free. What was left—call it "old Tyler"—was Reliance, plus $165 million worth of Tyler's debt. Then Akzo swapped stock worth $103 million for old Tyler; the Akzo stock, $4.86 worth per Tyler share, was distributed to Tyler shareholders, who won't pay tax on the Akzo stock until they sell it.

McKinney is preparing another Morris Trust transaction. This involves selling Tyler's Atlas Powder unit, the U.S.' largest maker of explosives, to Britain's Imperial Chemical Industries. The deal, valued at $193 million, should close in late spring.

What will be left? Tyler, virtually debt-free, will be down to Tyler Pipe, the pipe and fittings maker, which had $189 million in sales last year.

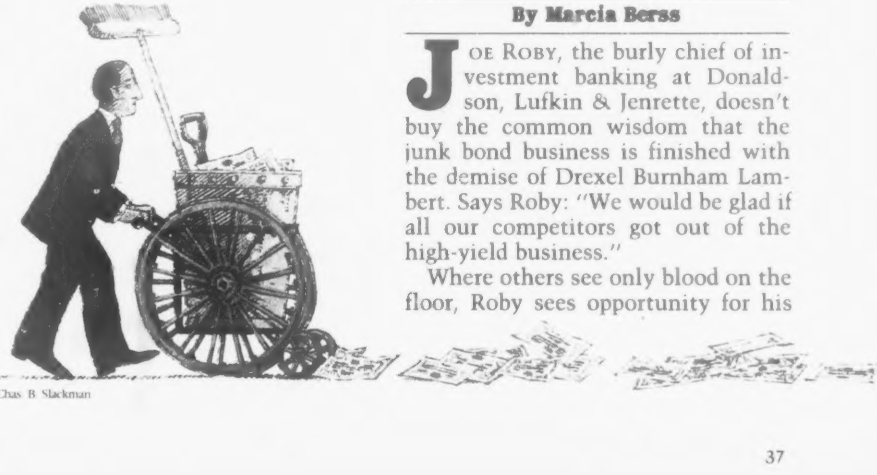
Tyler stock currently trades at about 8¾. Assuming the ICI deal closes as planned, Tyler shareholders will get ICI stock worth $6.16 per Tyler share. That values Tyler Pipe at about $2.50 a share, or 3 times the rump company's pro forma operating cash flow. Bradley Purcell, an analyst who works with investment manager Mario Gabelli (whose funds own 9% of Tyler), figures that Tyler will trade at about 4.5 times cash flow, or 3½, after the deal. If the ICI deal falls through, Tyler will likely drop back to 5 or so a share.

Assuming the deal gets done, McKinney will be ready to start rebuilding Tyler again, now that so many of the late 1980s leveraged deals are coming unstuck. "If a company defaults," he says, "then its senior lenders can sell it for, say, the 40 cents on the dollar that would cover them and allow them to escape criticism from the bank examiners." He says he's looking for "the Tyler kind of company—drab, nonglamorous, fairly low-growth, with a dominant industry position, well managed, that in return for the negatives throws off cash that we can use to improve its position in its industry and also make additional acquisitions."

McKinney hopes to pay no more than five times operating cash flow. The Tyler units McKinney sold went for nine to ten times cash flow. McKinney's message: Sell high, buy low, get rich. But above all, think for yourself. ■

After Drexel, no other Wall Street firm has so many of its eggs in the junk bond basket as Donaldson, Lufkin & Jenrette. Yet no one expects DLJ to go under.

It's nice to have a sugar daddy



Chas B Slackman

By Marcia Berss

Joe Roby, the burly chief of investment banking at Donaldson, Lufkin & Jenrette, doesn't buy the common wisdom that the junk bond business is finished with the demise of Drexel Burnham Lambert. Says Roby: "We would be glad if all our competitors got out of the high-yield business."

Where others see only blood on the floor, Roby sees opportunity for his

Armen Kachaturian

DLJ's head of high-yield operations, Garrett Moran
"Product that makes sense will still get done."

firm in junk bonds—high-yield securities, the practitioners prefer to call them. "There has been significant structural damage done to the high-yield marketplace," he says. "It's in disarray. But it's like the over-the-counter stock market in 1974-75. It went through all the same agonies. People pronounced it dead. Three years later, folks couldn't get enough of it."

DLJ is putting its money where its mouth is. As a percentage of business, only Drexel among major firms was more committed to junk bonds than this subsidiary of the $58 billion (assets) Equitable Life Assurance Society of the U.S. *(see table)*. Other surviving firms may do more junk underwriting measured in total dollars. In 1989 First Boston had 8% of the high-yield new issue market, for example, while DLJ took 5%. But junk bonds were 29% of DLJ's underwriting business, versus only 5% at First Boston. And DLJ's junk bond exposure doesn't stop at underwriting. It is one of the top three firms trading junk bonds in the secondary market.

That DLJ has not been frightened away from junk deals was demonstrated in February when (with brokerage house Smith Barney) it took on the refinancing of $1.7 billion in increasing interest rate loans for William Farley's leveraged buyout of textilemaker West Point-Pepperell (FORBES, *Jan. 8*)—a deal many on Wall Street believe is doomed.

This at a time when DLJ is still holding a $295 million bridge note out to Vitro S.A., for example, part of the big Mexican glassmaker's purchase of Anchor Glass Container Corp. last year. Vitro pays DLJ 5% over the prime rate for the loan. DLJ also holds a $110 million bridge loan that financed the management buyout of Rhode Island-based GTech Corp., a provider of computerized services to government-sponsored lotteries. DLJ points out that GTech's cash flow is a very healthy two times its interest expense on the loans. (Prior to the junk market's crash, many deals were done at 1¼ to 1½ times cash flow.)

Deep in junk

In the 1980s Donaldson, Luf[illegible] & Jenrette's commitment to junk debt trailed only Drexel's.

Firm	Junk debt underwritings 1980-89*
Drexel Burnham Lambert	57.6%
Donaldson, Lufkin & Jenrette	27.0
Prudential-Bache	7.9
Bear, Stearns	7.8
Morgan Stanley	7.8
Merrill Lynch	6.5
First Boston	6.1
Shearson Lehman Hutton	5.9
Smith Barney, Harris Upham	5.9
PaineWebber	5.7
Kidder, Peabody	4.9
Salomon Brothers	3.9
Goldman, Sachs	3.7
Dean Witter	3.2

*As a portion of firm's domestic underwritings.
Source: IDD Information Services

DLJ has no illusions that GTech and the other deals can be refloated through public offerings of junk bonds to the mutual funds, insurers, S&LS and other former junk bond customers. It expects to use instead private offerings, where it will deal with highly sophisticated lenders who are not worried about interim fluctuations because they can hold the bonds to maturity. This ability to hold to maturity is important because many junk bond holders like First Executive Corp. are in trouble precisely because they must constantly mark the bonds to market. "In private placements, the buyer is only relying on the credit [worthiness of the issuer], not the credit and the bond market," notes Garrett Moran, the 35-year-old head of high-yield operations at DLJ. He adds: "Product that makes sense will still get done."

Some Wall Streeters question whether Bill Farley's West Point-Pepperell deal is product that makes sense. DLJ, clearly, doesn't share this view. Farley, a former Drexel client, in 1989 paid $2.7 billion to buy the sheet- and towelmaker. The deal is in trouble because asset sales to raise cash and retire debt are yielding less than expected. At the same time, West Point's customers, big department stores, are reeling from leveraged buyout woes.

DLJ got the Farley deal, beating out American Express' Shearson Lehman Hutton. One investment banker familiar with the transaction chalks DLJ's win to the sugar-daddy factor. The rumor is that DLJ's very rich parent, Equitable, committed itself to providing Farley a bridge loan should his current bridge loan holders—Wells Fargo Bank and Bankers Trust—want to bail out. DLJ strongly denies any such side commitment. If it was given, it would have been a real plus for DLJ in landing the business at a time of tremendous uncertainty in deal financing.

Maybe it is because he knows that Equitable stands behind DLJ that Joe Roby can say with confidence: "High-yield will be back." He's almost certainly right, of course; markets always go to extremes, and the time to get in is when everybody else is getting out. The player with staying power is the one that wins the game. ■

The Forbes Wall Street Review

Edited by Eric S. Hardy

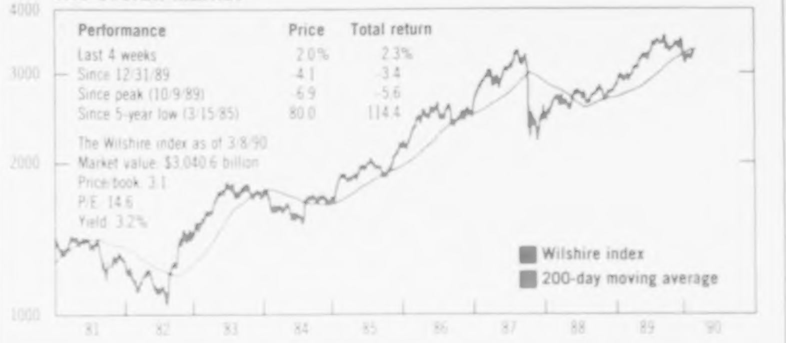
What might keep the market from heading higher? Debt, says Charles Allmon, a very conservative money manager whose $125 million (net assets) Growth Stock Outlook Trust has been 65% or more in cash since it was founded in 1986. Allmon favors companies with clean balance sheets, and can't find very many at good prices these days. He expects that a credit crunch will soon force long Treasury bond yields up to the 9¾%-to-11% range, from about 8½% currently.

Allmon is doing some selective stock buying, but not in the U.S. Recent purchases include Nestlé (Switzerland), Deutsche Bank (West Germany) and Glaxo Holdings (U.K.). The proportion of foreign stocks in his portfolios has risen to 10%.

For U.S. stocks in general, February proved to be a much better month than January, and the momentum carried over into the first part of March. But trading volume deteriorated somewhat in February. On the New York Stock Exchange the average daily volume was 156 million shares, down 10% from January.

During the two weeks ended Mar. 8, the Dow industrials picked up about 120 points, or 4.7%, to get within a hair's breadth of 2700. The Wilshire index of 6,000 common stocks gained about 4% during this period. If the market keeps rising, and if Allmon is right about a credit crunch ahead, the correction could be nasty.

The overall market[1]



Performance	Price	Total return
Last 4 weeks	2.0%	2.3%
Since 12/31/89	-4.1	-3.4
Since peak (10/9/89)	-6.9	-5.6
Since 5-year low (3/15/85)	80.0	114.4

The Wilshire index as of 3/8/90
Market value: $3,040.6 billion
Price/book: 3.1
P/E: 14.6
Yield: 3.2%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
MGM/UA Communications	17⅛	51%	NA	2,135	4.1
Wang Laboratories	6	50	NA	4,876	1.8
Adobe Systems	38¼	41	25	9,222	3.0
Contel Cellular	23½	32	NA	728	1.1
TJX	16⅛	23	14	1,905	0.9

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
C R Bard	13¼	-23%	12	7,058	4.7
Hilton Hotels	50⅛	-21	22	2,140	0.6
LIN Broadcasting	86½	-21	NA	5,954	1.1
FHP	16½	-20	15	4,725	1.8
Lyondell Petrochemical	17⅛	-13	4	1,352	1.1

Closeup on the Market

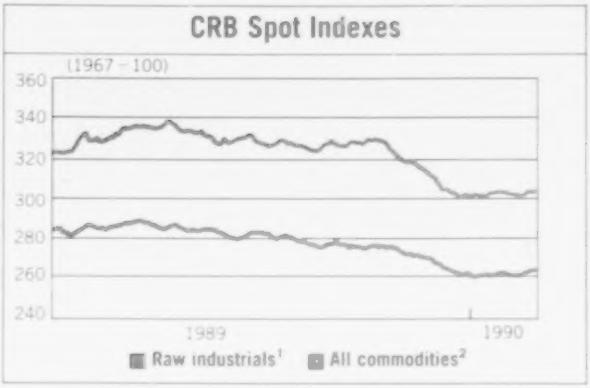
Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,281.11	3.9%
Wilshire index 6,000 stocks, equal weighted	21.37	3.0
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,696.17	4.7
S&P 500 Capitalization weighted cross section, major stocks	340.27	4.5
NYSE Capitalization weighted, all listed common stocks	187.35	3.9
Amex Capitalization weighted total return: stocks, warrants	361.51	2.3
Nasdaq Capitalization weighted, all issues except warrants	436.50	3.3
Amex international market index Capitalization weighted, 50 largest ADRs	307.74	-2.7

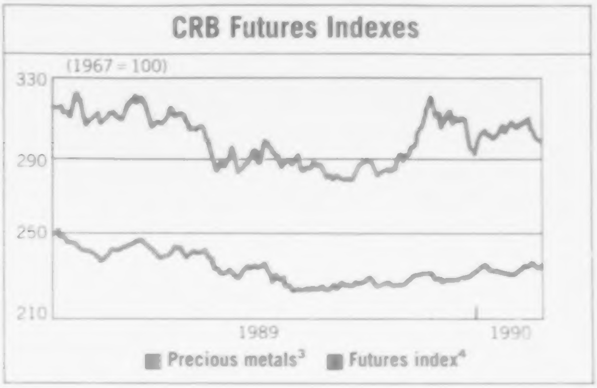
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	918.80	-4.9%
Institutional[5] Approximately 200 stocks with high institutional ownership	113.48	5.4
Individual[5] Approximately 200 stocks with low institutional ownership	104.43	1.1
Russell 2000 index 2000 stocks with small market values, capitalization weighted	162.07	2.7
Gold[6] (Composite quote of 5 major dealers)	$402.50	-3.7
Yen[6] (per $U.S.)	151.15	3.2
Commodity index[6] (CRB futures index: 1967 = 100)	238.97	1.2
Oil[6] (W Texas intermediate)	$20.80	-4.4
T Bills[6] (90 days)	7.89%	5 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 3/8/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Average daily volume over a 2-week period. [3] Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4] Morgan Stanley Capital International Perspective. [5] For period ending 3/9/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6] Knight-Ridder Financial Information. [7] A basis point is equal to one-hundredth of a percentage point. NA: Not applicable.

Commodities Review

Edited by Eric S. Hardy


CRB Spot Indexes

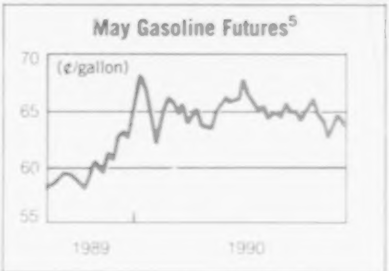

CRB Futures Indexes

The Commodity Research Bureau futures price index rose 2% in the first two months of the year, reaching its highest point since July 1989. Besides anticipating price changes in a basket of 21 commodities, this index is sometimes used by commodity traders (and other amateur and professional economists) to predict changes in the inflation rate and interest rates. William Byers, who follows commodities for Bear, Stearns, says there is sometimes a correlation between the CRB index and subsequent action in the credit markets. Although the index is useful for predicting commodity price trends, adds Byers, it gives too much emphasis to items such as grains and soybeans to give a good macroeconomic forecast.

For inflation forecasting purposes, the CRB index may be a victim of its own accuracy. James Nevler, an analyst with Knight-Ridder Commodity Research Bureau, points out that because inflation fighting has become such a high priority, the Federal Reserve will routinely act even when there are the slightest expectations of higher inflation. For example, in 1987 the CRB index rose dramatically, as did interest rates a few months later.

As a result, price increases predicted by indexes such as the CRB may never materialize. It's a sort of self-denying prophecy. "The CRB was a better forecasting tool back in the 1970s because the Fed waited longer to take action," says Nevler.

Commodity Spotlight


May Gasoline Futures[5]

Environmental laws compel refiners to lower the vapor pressure of gasoline during warmer months to reduce air pollution. May is the first month of the season when fuel must meet these standards. Because of intense speculation about whether supplies of low-vapor pressure gasoline will be adequate for the summer driving season, the May futures contract has been as volatile as a hot can of gas.

Cash and Futures Prices

Spot Indexes			Futures Indexes		
Index[6]	Value	3-mo change	Index[6]	Value	3-mo change
All commodities	264.00	–1%	CRB Index	234.59	3%
Raw industrials	303.94	–1	Precious metals	299.61	–5
Metals	294.55	–3	Industrials	251.71	–1
Textiles	242.34	–3	Grains	196.60	–4
Foodstuffs	215.22	1	Livestock & meat	212.54	–1

Spot Commodity Prices			Futures Prices		
Commodity	Price	3-mo change	Commodity	Price	3-mo change
Steel scrap ($/short ton)	$101.00	5%	**April platinum** ($/troy oz)	$508.00	–3%
Copper scrap (¢/pound)	85.00	–5	**April crude oil** ($/barrel)	21.54	9
Print cloth (¢/sq yard)	71.00	–4	**May copper** (¢/pound)	108.25	4
Corn (¢/bushel)	241.00	4	**May cotton** (¢/pound)	70.16	–3
Soybean oil (¢/pound)	21.80	14	**May Chi wheat** (¢/bushel)	362.25	–7

Notes: All data as of 2/28/90. [1]Comprised of 13 commodities. [2]Comprised of the 13 raw industrial commodities plus 10 foodstuffs. [3]Gold, platinum and silver. [4]Comprised of 21 commodities. [5]Prices from 12/1/89 through 3/7/90. [6]Base for spot and futures indexes (1967 = 100). Source: Knight-Ridder Commodity Research Bureau.

C3950-1

WHY THE MARKET'S LIKE A POKER GAME

WILL VAIL BE FOR SALE?

THE MIDWEST CEO WHO'S BANKROLLING BROADWAY

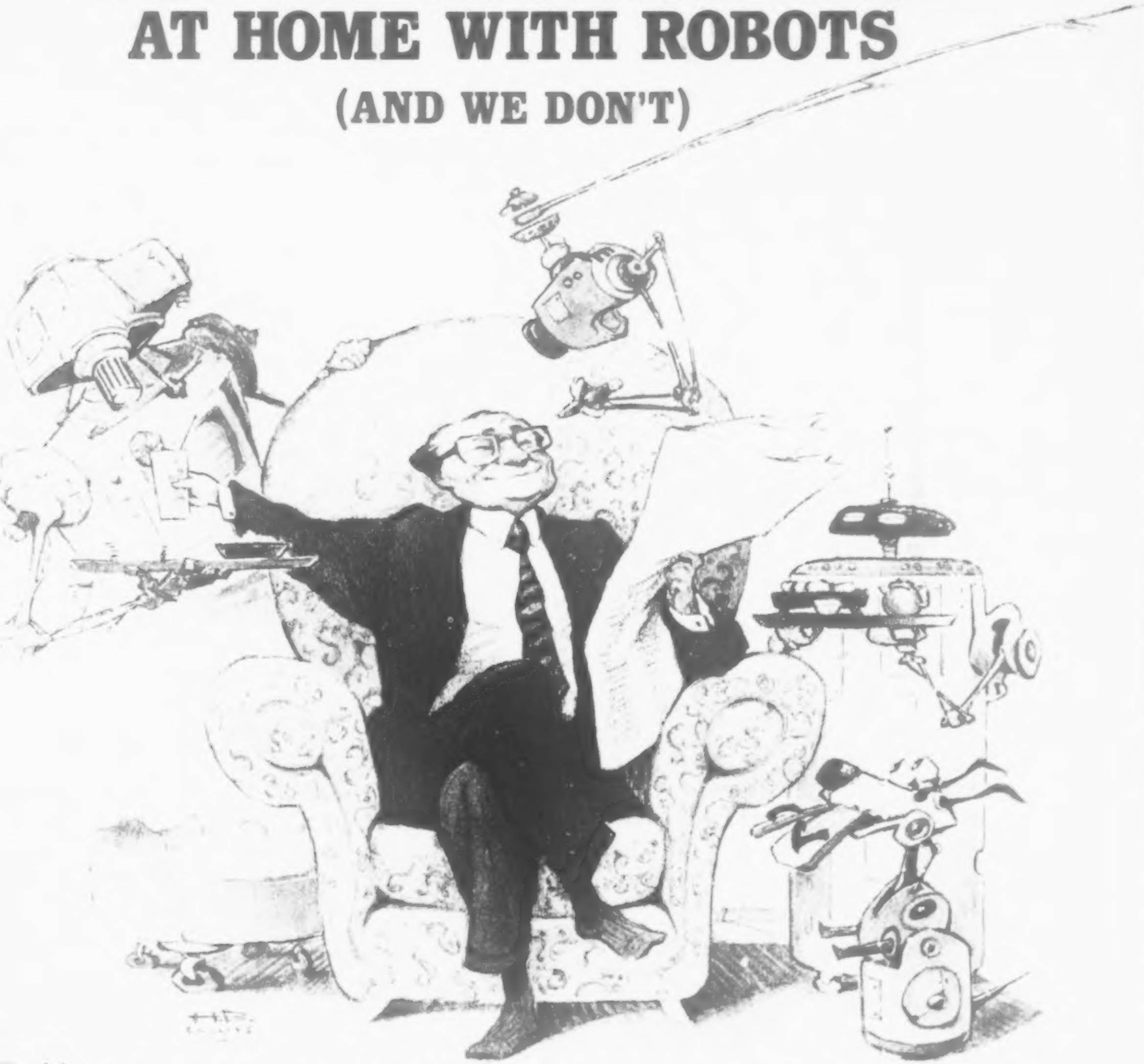
APRIL 16, 1990

THREE DOLLARS SEVENTY-FIVE CENTS

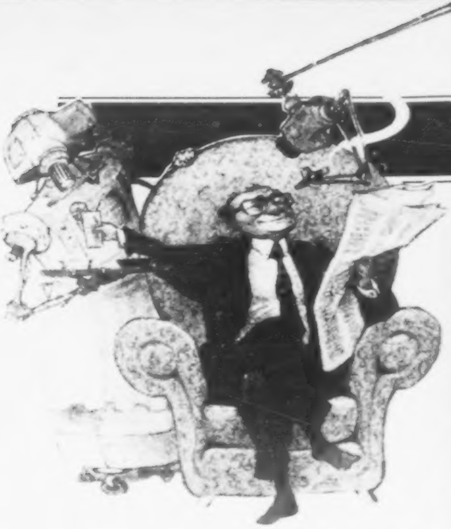
Forbes

WHY THE JAPANESE FEEL AT HOME WITH ROBOTS

(AND WE DON'T)



Forbes



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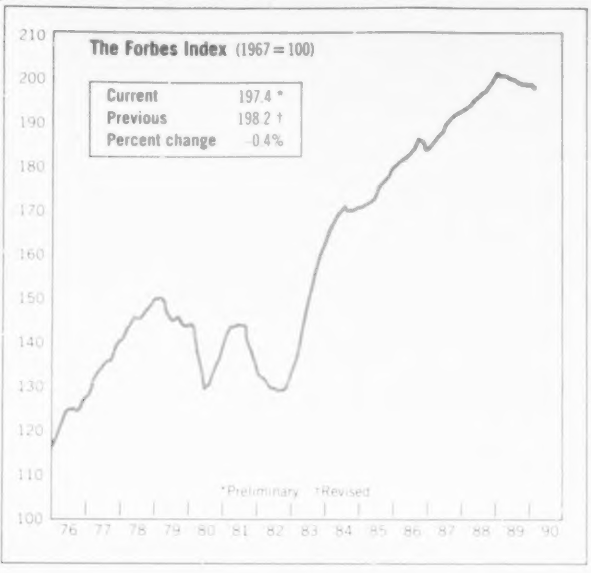
The Forbes Index



While the February total of new housing starts was the same as the comparable 1989 figure, revised statistics show the December 1989 total (75,000) was the lowest since the recession days of February 1982. Loan losses in the banking and thrift industries (once concentrated in the Southeast and now spreading to New England and elsewhere) are making lenders apprehensive about extending credit for developers. Another downer: Claims for unemployment benefits are on the rise. Over the past six months claims are up 18% from a year earlier.

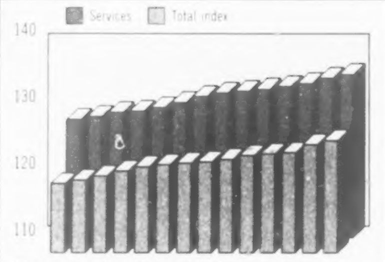
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales[1] year to date vs. 1989	Ward's Automotive	−0.6%
Index of leading indicators January vs. December	Dept. of Commerce	0.0%
Trade balance last 12 months	Dept. of Commerce	−$99 bil
Producer price index[2] February vs. 1989	Dept. of Labor	5.1%
GNP 4th quarter vs. 3rd—annualized growth	Dept. of Commerce	0.9%
NBER Experimental Recession Index[3]	Nat'l Bureau of Economic Research	3.0%

[1] U.S. based manufacturers only as of 3/20/90. [2] Finished goods. [3] January 1990.

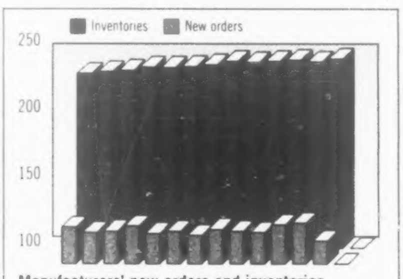
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

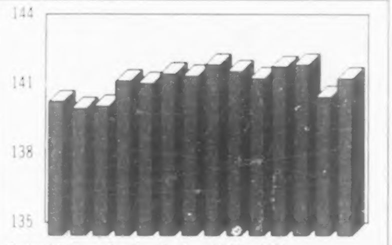
To measure these 8 elements FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are pre[illegible]ed below.



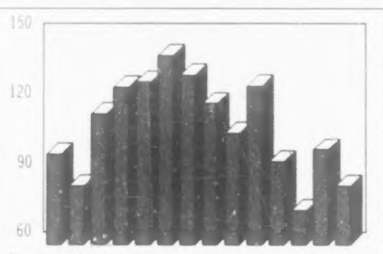
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



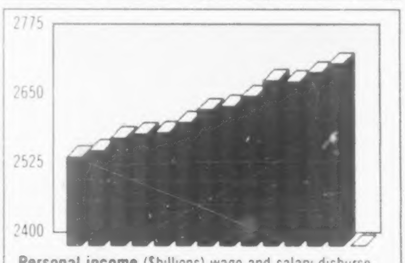
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



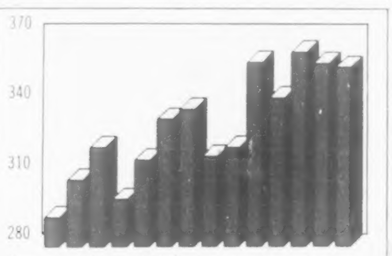
Industrial production index (1967=100) seasonally adjusted (Federal Reserve)



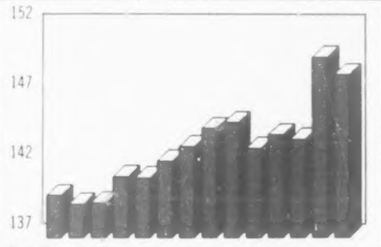
New housing starts (thousands) privately owned unadjusted (Dept. of Commerce)



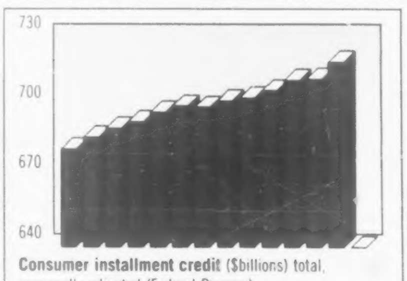
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

J F M A M J J A S O N D J F
1989 1990

J F M A M J J A S O N D J F
1989 1990

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1989 1990

National Center for Toxicological Research in Jefferson, Ark., estimates the additional cancer risk of lifetime exposure to a 1-liter bottle of the contaminated Perrier every day for 70 years to be somewhere between 1 in 100,000 and 1 in 10 million. Thus, if every American were to drink a liter of Perrier every day from birth to death, we might—might—have a couple of hundred extra deaths a year if Perrier's filters didn't get changed. Of course, the springs of Perrier would have long since gone dry under all that consumption.

That we can detect such minuscule risks is something quite new. It seems that now we are getting too skilled at analytical chemistry for our own good—at least if we want to continue living the Delaney clause illusion of zero risk. "Fifteen years ago we couldn't even detect 35 parts per billion," says Gaylor's boss, Ronald Hart, the director of the toxic research center. "Now we identify one part per quintillion. That's almost the equivalent of filling the entire Great Lakes with gin and putting a single tablespoon of vermouth in it. That I think you would agree would be a pretty dry martini."

Unfortunately, in today's emotion-charged media climate Perrier could not afford to have such arcane mathematics debated on TV. So $40 million worth of harmless product was added to landfills. Thus did Perrier become the perfect paradigm of the hypochondria that now grips an affluent society frightened by shadows on the wall. Says Paul Slovic, a psychologist at the University of Oregon specializing in risk perception, "The more the nation spends on regulation, no matter how many billions are spent, the less safe the American public seems to feel."

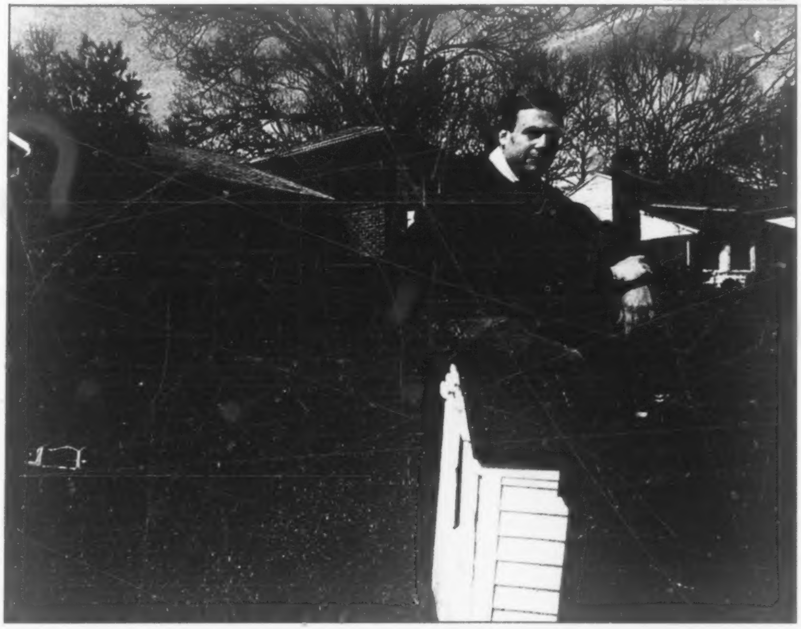
Science Editor Daniel Koshland lampooned this mood last June when he invented an interview with "Dr. Noitall" whose "appearance on three talk shows is enough to qualify me as an expert." "Are there other dangers about which the EPA has failed to advise us?" Noitall is asked. "Breathing," he says. "All breathing generates oxygen radicals . . . the main sources of mutations in DNA, leading to cancer, birth defects. . . . Breathing has been observed three minutes before death in 100% of all fatalities. We urge everyone to stop breathing until proper research has been carried out."

But that kind of hypochondria is no laughing matter. Not when we will soon be spending more than $100 bil-

As federal payments to local governments decline, real estate taxes, so-called user fees and other local levies are creeping higher.

The natives are restless

Erica Lansner/Black Star



Tax revolt leader Steven Schlussel
"For many people, property taxes now exceed federal income taxes."

By Janet Novack

SINCE ATTORNEY Steven Schlussel moved into his home on New York's Long Island in 1981, his real estate taxes have climbed from $3,400 to $8,300. Sure, Schlussel built an addition, raising his home's value. But even without that addition, his taxes still would have risen 85%—more than double the inflation rate in that period.

"For many people, property taxes now exceed federal income taxes," grouses Schlussel, now a leader in Long Island's growing property tax revolt. True, Long Island has some of the highest property tax rates in the nation. But similar complaints are echoing across the U.S.

Here's how angry the taxpayers are: The Advisory Commission on Intergovernmental Relations asks the Gallup Organization to poll Americans each year on what they think is the worst of all taxes. In 1989, for the first time since 1978, the year of California's big property tax revolt, more taxpayers fingered the local property tax than the federal income tax.

The original Reagan Administration tax cuts and 1986's tax reform, which further reduced income tax rates, contributed to this shift in sentiment. The share of national income eaten up by the federal individual income tax peaked at 9.6% in 1981, and in fiscal year 1989 was 8.7%. That drop represents a lot of money—about $45 billion lost to the federal coffer. At the same time, income consumed by state and local taxes and fees rose 9%, growing from 10% to 10.9% of gross national product.

Most of the extra money raised by states, cities and towns made up for declining federal aid. The rest helped pay for programs that Congress ordered but didn't foot much or any of the bill for: improved solid waste and sewage disposal; asbestos removal from the schools.

There is no longer much give in the federal budget. But Washington politicians are addicted to passing new programs and appeasing special interests. So they pass laws and send the bill to business and to state and local government. State pols, too, like to hand out benefits they don't pay for. "The federal and state governments continue to place more mandates that have price tags and simply do not send the money," sighs San Antonio Mayor Lila Cockrell.

So the continuing demand for services hits harder at local taxpayers. In New York, for instance, cities and villages now get only 25% of their budgets from federal and state aid, down from 40% a decade ago. Rather than cut spending accordingly, over the last three years 87% of local communities have raised real estate tax rates by an average of 24%.

Knowing the voters' antipathy to higher taxes, the local politicians are showing lots of ingenuity in collecting new money. They are, for example, relying on user fees and special assessments for everything from golf courses to trash pickup and imposing heavy taxes on new development (FORBES, *Nov. 14, 1988*).

In addition to user fees, local officials use tricks to disguise the real estate tax bite, such as more frequent (and thus less dramatic) reassessments. They have also targeted commercial and industrial property. "Factories don't vote, neither do shopping centers nor commercial office buildings," observes Wayne Tenenbaum, chairman of Tenenbaum-Hill Associates, Inc., a Kansas City, Mo.-based firm that files assessment appeals nationwide for increasingly rebellious commercial and industrial property owners.

What's more, local sales taxes have proliferated, allowing many counties and towns to rely less on the hated property tax than in the early 1970s.

Still, the real estate tax burden has grown. After being cut down to size in the 1970s during the last local property tax revolt, the real estate property

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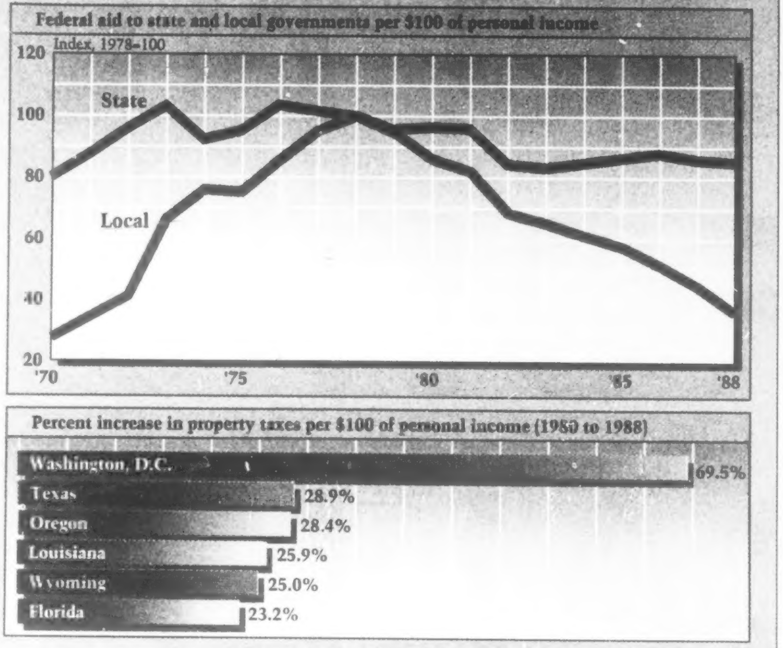


State and local governments get less and tax more

As federal aid to state and local governments has declined over the last decade, property and other local taxes have increased. Below are the six areas that have boosted real estate levies the most.

Source: Steven Gold, National Conference of State Legislatures

tax has become "the comeback kid of the 1980s," says Steven Gold, director of fiscal studies for the National Conference of State Legislatures. In 1972 local officials collected an average of $4.74 in property taxes for every $100 of personal income. By 1982 that had fallen to $3.26. But by 1988 it had crept back up to $3.51 per $100 of income. And that 8% real increase doesn't tell the entire story, because it was held down by states with property tax limits from prior revolts. In Texas, school property tax rates have increased an average 64% since 1983.

Now the taxpayers are starting to retaliate. In Texas, since 1982, voters have been able to force a tax rollback election in any district that raises real estate taxes more than 8%. A record 37 rollback elections are being held this year. So far, 20 of 35 rollbacks have passed, with San Antonio voters ordering a rollback by a 2-to-1 margin. A statewide reassessment in Kansas sparked so much anger that the governor there has proposed a constitutional amendment rolling back local property taxes 20%.

Up and down the East Coast, local revolts are breaking out. New Jersey voters rejected more school budgets last year than in more than a decade. In the Maryland suburbs of Washington, D.C., angry homeowners, shocked by assessment increases of more than 100% in some cases, are pushing for a charter change limiting property tax hikes. "More than I've seen in the last 15 years, there is a groundswell movement on the property tax," says John Andrews, executive director of the New Hampshire Municipal Association, which represents local towns. Joel Cogen, executive director of Connecticut's Conference of Municipalities, says more local officials in that high-property-tax state were ousted—or decided not to run again—in last November's elections than at any time in the past two decades.

Signs taxpayers are mistrustful and restless are everywhere. Last year, for example, voters soundly defeated proposed tax overhauls in Louisiana, Pennsylvania and Oregon and trounced tax hikes for education in Michigan and for children's welfare programs in Washington State.

The voters themselves seem ambivalent. On the one hand, many of them keep demanding more services; on the other hand, they don't want to pay for them. Sure, in some cases local governments could provide services more cheaply. But in a democracy it is a lot easier to increase government spending than it is roll it back. So the tax revolt gathers steam. ■

The Forbes Wall Street Review

Edited by Eric S. Hardy

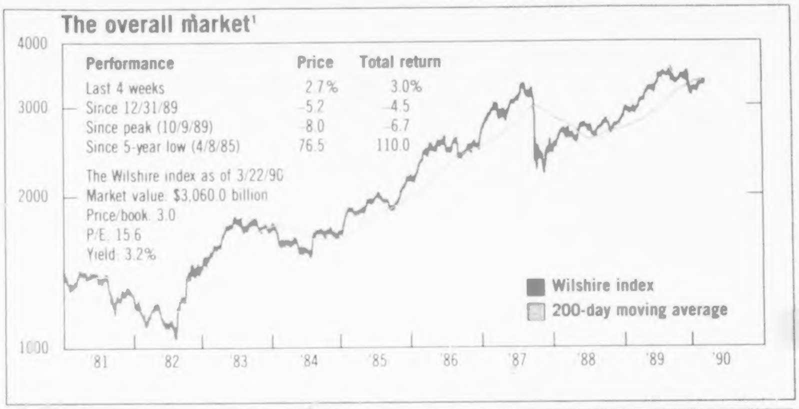
Contrarians can find plenty of buy signals these days. The broad Wilshire 5000 index is down more than 5% since December 1989. The Tokyo market has collapsed, with a 29% decline for dollar investors since the end of last year. And both the New York and American stock exchanges are reporting record high short interests.

Greg Smith, chief market strategist at Prudential-Bache, nonetheless sees 1990 as a transition period for the stock market. He expects the Dow to trade as low as 2200 this year. Smith doesn't offer a rosy economic forecast, and concedes interest rates may increase worldwide, but he still likes stocks in cyclical industries like oil exploration and heavy equipment manufacturing. It's plausible: Even with a consumer slowdown, demand for capital spending from Eastern Europe, among other places, could be strong, Smith says, especially for the products of companies like Dresser Industries and Ingersoll-Rand.

Are contrarians buying in Tokyo? Probably not just yet. Even after the decline, Japanese P/Es, averaging 45, are almost triple ours.

How about small U.S. stocks? They've been out of favor for most of the past decade, but they are showing some strength. During the two weeks ended Mar. 22, when most major U.S. indexes declined slightly, the Russell 2000 index of small stocks (market values under $250 million) rose 0.4%.

The overall market[1]



Performance	Price	Total return
Last 4 weeks	2.7%	3.0%
Since 12/31/89	–5.2	–4.5
Since peak (10/9/89)	–8.0	–6.7
Since 5-year low (4/8/85)	76.5	110.0

The Wilshire index as of 3/22/90
Market value: $3,060.0 billion
Price/book: 3.0
P/E: 15.6
Yield: 3.2%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Norton	75⅜	40%	21	11,416	9.6
National Health Labs	12	17	20	59	0.3
LA Gear	35¾	17	12	7,623	1.5
UAL	152	15	10	2,761	0.7
Carnival Cruise Lines	20⅜	14	14	942	1.3

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Midlantic	18⅝	–18%	3	3,780	1.0
Hibernia	16⅜	–18	7	638	1.0
First Fidelity Bancorp	20	–17	8	1,199	0.4
Contel Cellular	19½	–17	NM	629	1.0
Southeast Banking	14⅛	–14	6	2,956	1.7

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,241.75	–1.2%
Wilshire index 6,000 stocks, equal weighted	21.33	–0.8
Dow Jones industrials 30 stocks: divisor-adjusted price average	2,695.72	0.0
S&P 500 Capitalization weighted cross section, major stocks	335.65	–1.4
NYSE Capitalization weighted, all listed common stocks	184.70	–1.4
Amex Capitalization weighted total return, stocks, warrants	360.48	–0.3
Nasdaq Capitalization weighted, all issues except warrants	434.51	–0.5
Amex international market index Capitalization weighted, 50 largest ADRs	286.02	–7.1

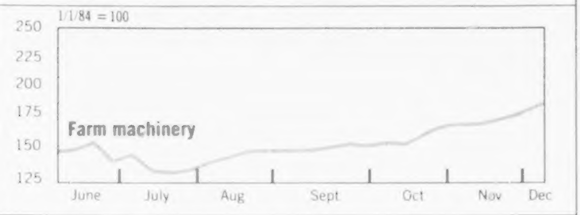
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	827.90	–9.9%
Institutional[5] Approximately 200 stocks with high institutional ownership	113.56	0.1
Individual[5] Approximately 200 stocks with low institutional ownership	103.02	–1.4
Russell 2000 index 2000 stocks with small market values, capitalization weighted	162.74	0.4
Gold[6] (Composite quote of 6 major dealers)	$392.25	–2.5
Yen[6] (per $U.S.)	155.07	2.6
Commodity index[6] (CRB futures index, 1967=100)	237.34	–0.7
Oil[6] (W Texas Intermediate)	$20.00	–3.8
T Bills[6] (90 days)	7.89%	unchanged
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 3/22/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Average daily volume over a 2-week period. [3]Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4]Morgan Stanley Capital International Perspective. [5]For period ending 3/23/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6]Knight-Ridder Financial Information. [7]A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

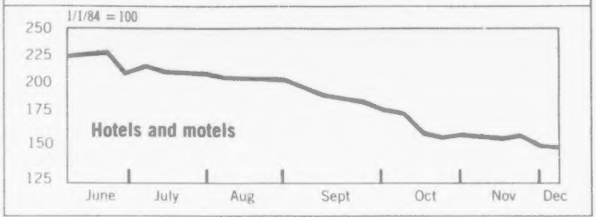
Industry Review

Edited by Gilbert Steedley

Best industry last 6 months



Worst industry last 6 months



After suffering through most of the 1980s, farm equipment manufacturers are coming back strong. This industry is ranked first out of 197 sectors in stock performance over the past six months, according to Los Angeles-based William O'Neil & Co. The technology sector showed signs of recovery as computer software companies and firms that make computerized graphics equipment ranked second and third, respectively, in six-month performance. Ranked last are the hotel stocks, a group beset by overcapacity, high debt levels and a sluggish economy. Hilton's unsuccessful attempt to sell off its properties also hurt these stocks. The prospect of re-regulation has damaged cable television stocks. Now, at their lower levels, they are trading in line with market multiples of cash flow.

Leading Industries

Farm machinery

Company	Recent price	6-month price change	Relative rank		P/E
			strength	EPS	
Lindsay Manufacturing	31½	48%	93	86	9
Varity	3¼	24	89	52	10
Deere & Co	73⅝	23	89	84	14
Finning Ltd	12½	6	83	69	9
Gehl	16	0	72	99	64

Computer software

Company	Recent price	6-month price change	Relative rank		P/E
			strength	EPS	
Software Toolworks	25⅜	131%	99	99	40
Adobe Systems	44¼	116	99	98	29
Microsoft	114	82	98	99	31
Structural Dynamics Resources	39⅝	63	97	97	29
Stage Software	12⅝	60	94	90	28

Computer graphics

Company	Recent price	6-month price change	Relative rank		P/E
			strength	EPS	
Scitex	21⅛	82%	97	86	11
Silicon Graphics	37½	60	98	99	33
New Image Industries	14¾	46	84	90	29
Evans & Sutherland Computer	29½	30	94	35	NM
Intergraph	22½	30	93	52	17

Lagging Industries

Hotels and motels

Company	Recent price	6-month price change	Relative rank		P/E
			strength	EPS	
Prime Motor Inns	13	–63%	3	74	6
Hilton Hotels	51⅜	–47	7	51	23
Marriott	26½	–30	18	59	16
Journeys End	10⅞	–29	48	77	9
Motel 6	13⅜	–21	34	36	NM

Audio/video home products

Company	Recent price	6-month price change	Relative rank		P/E
			strength	EPS	
Emerson Radio	3⅞	–35%	19	86	9
Zenith Electronics	9¾	–35	10	18	NM
Commtron	6½	–34	25	73	8
Harman International	15½	–22	16	77	8
Matsushita Elec Ind ADR	131¾	–18	20	67	17

Cable television

Company	Recent price	6-month price change	Relative rank		P/E
			strength	EPS	
Jones Intercable	10⅛	–47%	8	14	NM
Cablevision Systems	25⅞	–44	9	13	NM
Adelphia Communications	16	–43	7	13	NM
Century Communications	8⅞	–38	11	9	NM
American Television & Comm	33½	–31	17	97	39

Industries are ranked from 1 (highest) to 197 (lowest) based on the equal-weighted price performance of the companies within the industry group. Relative EPS measures a company's earnings-per-share growth in the last 2 quarters, the last 5 years and the stability of that growth. Relative strength is a stock's daily price change over the last 12 months. For both measurements, stocks are compared with all other stocks and ranked on a scale of 0 to 99, with 99 the highest. Industry group performance is based on 6-month equal-weighted price changes with most recent 3-month results weighted 70%. NM: Not meaningful. All data for periods ending 3/16/90. Source: Investor's Daily, Los Angeles, Calif.

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JUNK BOND FUNDS: AN ATTRACTIVE SPECULATION

PLAYING THE NUMBERS GAME WITH THE ENVIRONMENT

APRIL 30, 1990

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

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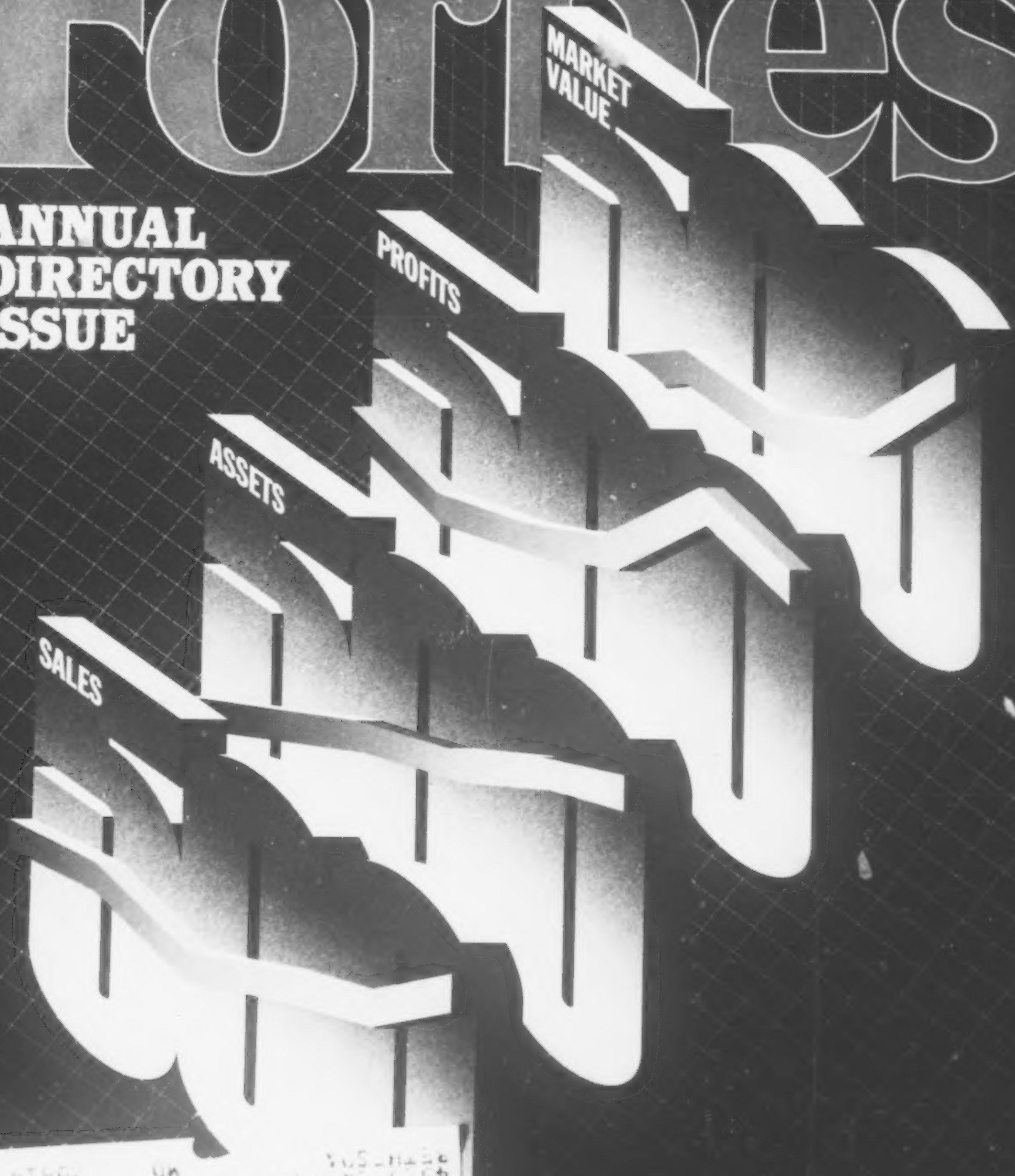
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Cover illustration by Andrew Christie/Forbes

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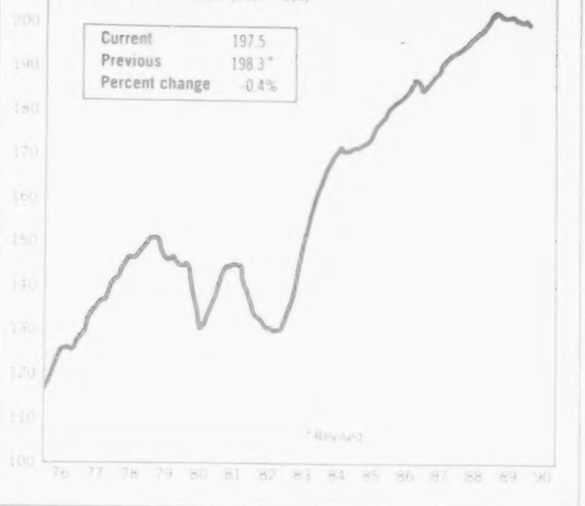
The Forbes Index



Those looking for confirmation that the economy is slowing will find it in the February Forbes Index: It fell 0.4%, to a 16-month low (subject to possible revision). The annualized figure for personal income hit a record high of $2.75 trillion in February, but the growth in this important component is slowing. During the past 12 months personal income rose 6.9%, against 11.4% one year earlier. Manufacturers' new orders increased 2.6% over January's depressed level, but they are still lower than they have been at any time since September 1988.

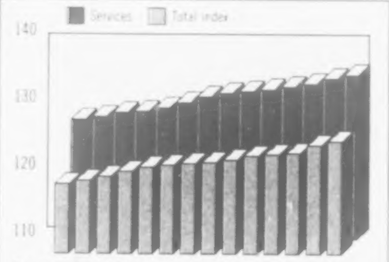
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales[1] year to date vs. 1989	Ward's Automotive	-0.1%
Index of leading indicators February vs. January	Dept. of Commerce	1.0%
Trade balance last 12 months	Dept. of Commerce	-$99 bil
Producer price index[2] February vs. 1989	Dept. of Labor	5.1%
GNP 4th quarter vs. 3rd—annualized growth	Dept. of Commerce	1.1%†
NBER Experimental Recession Index[3]	Nat'l Bureau of Economic Research	5.0%

[1] U.S. based manufacturers only as of 3/31/90 [2] Finished goods [3] February 1990 †Revised

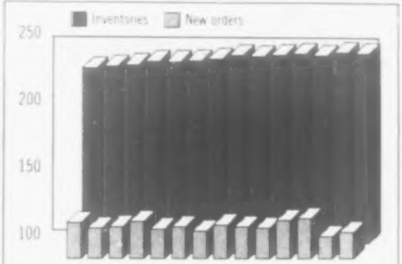
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

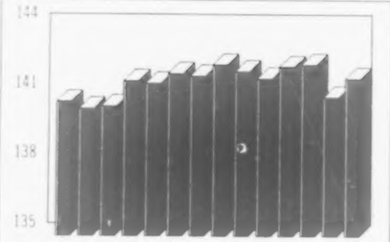
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



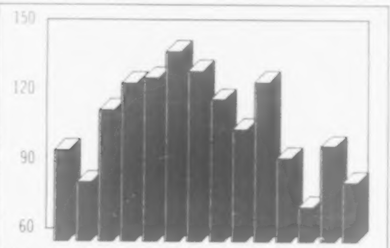
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



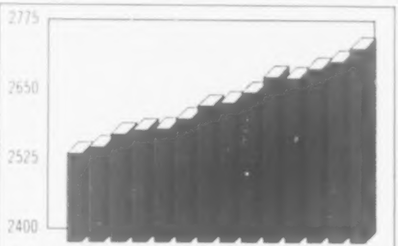
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



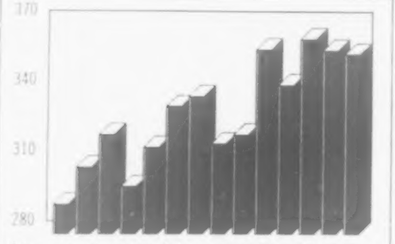
Industrial production index (1967 = 100) seasonally adjusted (Federal Reserve)



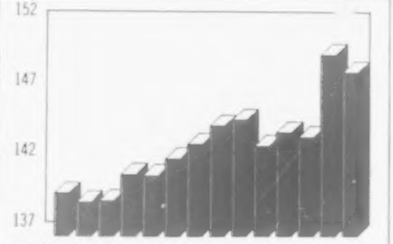
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



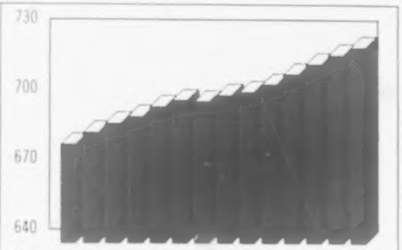
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

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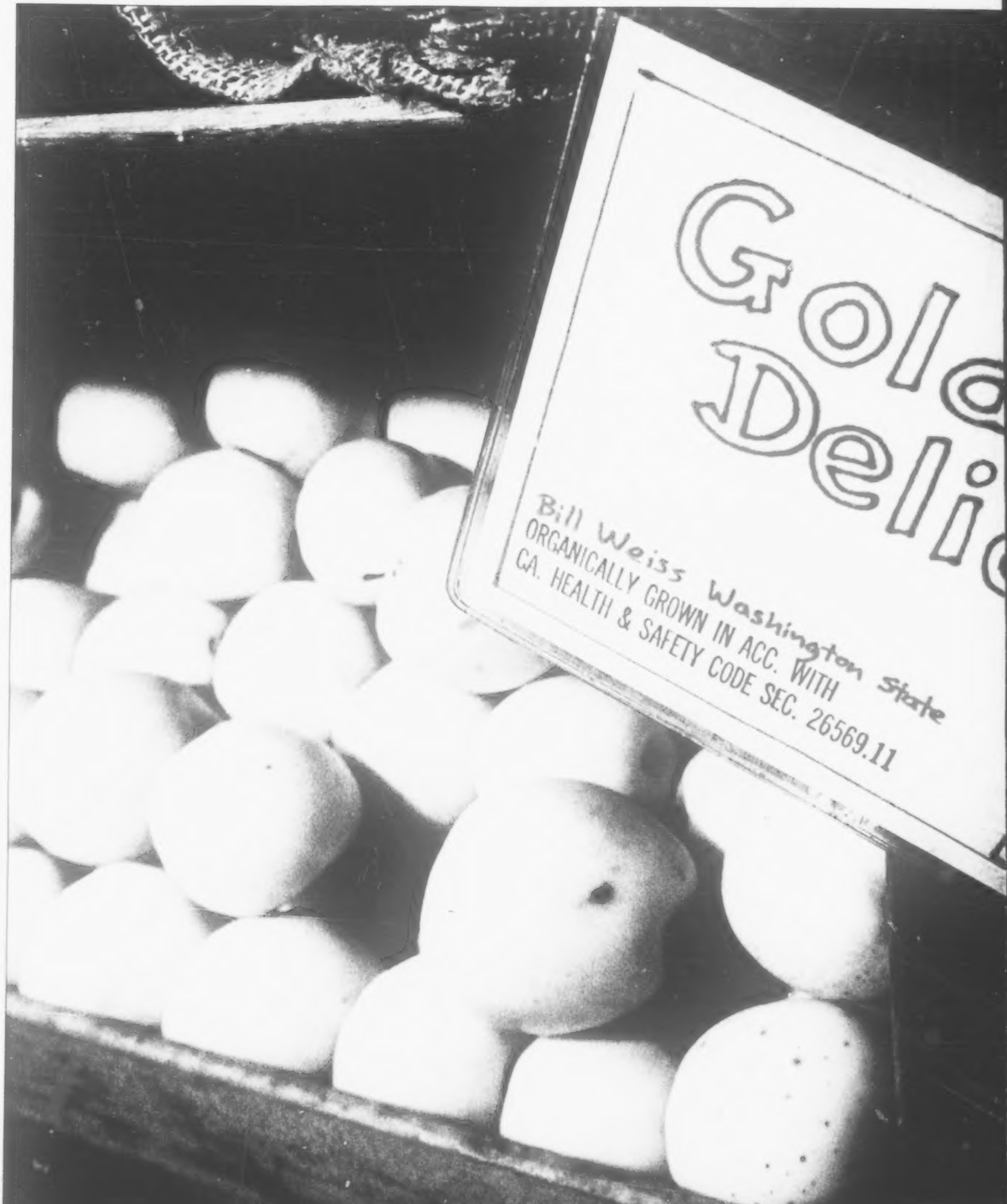
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Chuck Nacke/Picture Group

During the Alar crisis, scared consumers asked the Environmental Protection Agency if it was safe to pour apple juice down the drain—would it pollute the groundwater? In the name of environmentalism we are making bad regulations based on emotion and misleading statistics.

The wasteful pursuit of zero risk

By Warren T. Brookes

NOT MANY PEOPLE reacted as hysterically to the baseless Alar scare as the folks who were afraid to pour apple juice down their drains, but in a way the foolishness of a few symbolizes our nation's environmentalism: an emotional reaction that's based on misinformation, disinformation and the faulty use of statistics.

Earth Day is Apr. 22, and the self-anointed guardians of Mother Earth are riding high. Professional and semiprofessional environmental activists have learned how to dominate media coverage. Congress is in a mood to indulge in the political equivalent of not pouring apple juice down the kitchen sink. Before the end of this summer Congress may pass amendments to the Clean Air Act that will force the nation to go to expensive extremes in an effort to control smog and acid rain. The most responsible economic estimates of the costs of that legislation range from $23 billion to $45 billion per year, all of which must be paid in one way or another by consumers or taxpayers. This would be on top of current pollution control costs estimated at $81 billion a year.

We know of no one who would begrudge 2% of our gross national product or even more on the environment if the money were well spent. There is evidence, however, that much of it will be wasted. Almost in proportion as these costs have climbed, the potential health benefits from additional environmental controls have declined, as one after another of the major "hazards" of the 1970s turns out to have been a false alarm or a severe exaggeration. Alar in apples is the least of it.

[illegible]/Picture Group

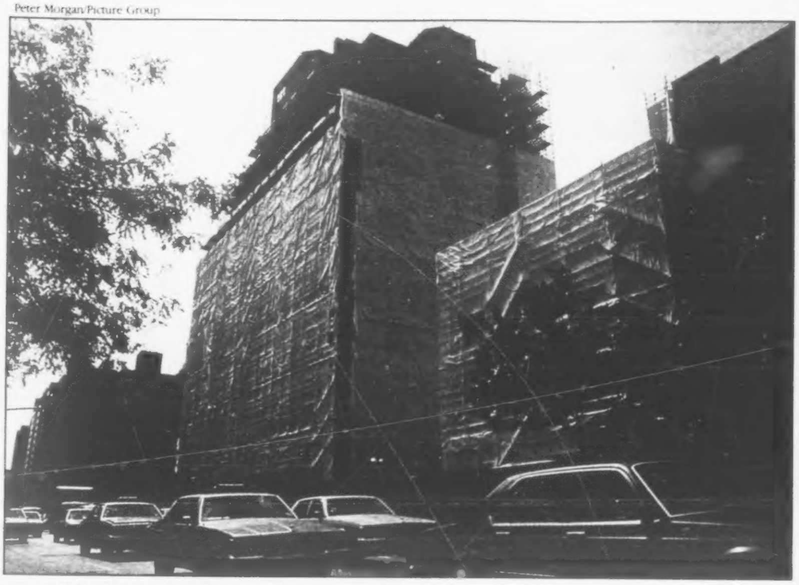
Davis Food Co-op
OUR APPLES HAVE NOT BEEN TREATED WITH ALAR.
ALAR

Apples for sale

It's quite possible that Alar would have made these safer.

In 1976 Samuel Epstein, the formidable environmental health alarmist, told a congressional panel that 20% of Americans were dying in "an epidemic of cancer" and that 70% to 90% of human cancers were environmentally induced. This sort of testimony garners headlines and votes on Capitol Hill. Never mind that his analysis was based entirely on hypothetical "risk models" that extrapolated large estimates of deaths

Peter Morgan/Picture Group



John Chiasson/Gamma Liaison

Asbestos contamination under shrouds (above), and worker cleaning up
A federal decontamination law could cost $100 billion—and perhaps raise risks more than it reduces them.

[redacted]

from small pieces of evidence.

As those risk estimates accumulated, they began to predict far more cancer than the nation was actually experiencing. This prompted Congress' Office of Technology Assessment to commission a study by Sir Richard Doll and Richard Peto, two world-renowned epidemiologists at Oxford. In 1981 they concluded that pollution accounted for only 2% of cancers, not the 70% and more that Epstein found. By contrast, smoking, diet and other lifestyle choices accounted for 75%. *(See table, p. 170.)*

Consumers barraged by news reports that such-and-such chemical or pollutant "is killing X thousands of Americans every year" may find this hard to believe, but when epidemiologists went looking for those "70% to 90%" of cancer deaths caused by the environment, at least 97% of them were nowhere to be found.

In 1986 the National Cancer Institute confirmed much of what Doll and Peto reported. The NCI said the best way to cut U.S. cancer levels in half by the year 2000 was to focus primarily on smoking, diet and sexual behavior. But it is a lot easier for a congressman to get on television and rail against a chemical company than to preach that Americans should live cleaner, more abstemious lives. Hence, we have such legislative consequences as the Delaney clause of the Food, Drug and Cosmetic Act, banning the slightest trace of chemical carcinogens from food processing.

The problem is not that we are making too great an effort to make the environment cleaner or our lives safer. Those are worthwhile goals. For all its immense benefits, industrialization brings with it risks, which need attention. The trouble is that we are making the wrong efforts, with results all too often the opposite of what is intended.

Take the banning of Alar. Paradoxically, the ban may raise cancer risk. Why? Alar, a growth hormone, strengthens the bond between the apple and the tree, making the fruit less susceptible to leaf miners. Alar's use obviates the need for much harsher insecticides, whose theoretical cancer risk is much greater.

Examples of environmental regulations leading to results opposite to those intended can be seen all over the regulatory landscape. In pursuit of the impossible goal of eliminating all risk, the regulations ignore side effects of the regulations themselves that can be more dangerous than the perceived original risk. The banning of the fungicide ethylene dibromide from most food processing in 1983 probably raised cancer rates: Fungi produce powerful carcinogens, and replacement fungicides carry their own, not fully explored, cancer risks.

This February the U.S. branch of Perrier recalled 72 million bottles after a North Carolina county laboratory found samples of Perrier water containing 19 parts per billion of benzene, a known carcinogen.

While North Carolina health officials did not think this risk sufficient to warrant recall, they insisted on issuing a health advisory. With the repercussions of the 1989 Alar crisis still reverberating through the food industry, Perrier had no choice but to recall the product. In the course of doing so, the company admitted the benzene was a natural ingredient of the carbon dioxide gas that bubbles up beneath its springs in Vergèze, France. For nearly a century, Perrier has filtered the gas to remove the benzene before mixing it with the water. Benzene levels rose because filters had not been changed often enough.

Is unfiltered Perrier dangerous? It all depends upon your perceptions. David Gaylor, head of biometry at the lion a year in partial response to it.

The new Clean Air Act will force the expenditure of up to $50 billion a year on pollution control. This amounts to 30 times as much as the entire budget ($1.7 billion) of the National Cancer Institute. The maximum health risk target identified by EPA within the Clean Air bill is 2,700 deaths a year, and that is based on models that almost certainly exaggerate. That's a cost of about $16 million per life that might possibly be saved, whereas we spend only about $4,500 per life that might be saved from other causes—alcoholism and drug abuse, for example, which kill 380,000 Americans every year. The saving of lives is worth spending money on, but it doesn't make much sense to spend vast amounts in the hope of saving a relatively few when we cannot seem to afford to spend anything like those amounts on things that cause hundreds of times more deaths.

The problem is that deaths from things like alcoholism or overeating rarely make the 6 o'clock news, while any cancer scare, no matter how pumped up, seems to do so. It's not hard to pump up the numbers. Dr. Vernon Houk is director of environmental health at the Centers for Disease Control. He says: "The effect of EPA's exaggerated risk models is very often to force massive expenditures of money on minuscule risks. I would call that not conservative but very radical."

If the people want sweeter-smelling air, so be it. But they won't necessarily get longer life spans from the Clean Air amendments. In a recent *Regulation* article, economists Wilbur Steger and Frederick Rueter of Carnegie-Mellon University analyze the age-adjusted cancer rates adjacent to and downwind of the major coke ovens of Allegheny County, Pa., one of the principal targets of the "air toxics" controls. Those rates came out 20% to 30% *below* those for the county as a whole. The two professors infer from this—and from expected cancer rates—that the EPA's already low estimate of 6.9 cancer deaths per year nationwide from coke oven emissions is an overestimate of those risks by at least a multiple of 100.

Congress and the EPA are pushing companies to reduce their theoretical emission risks to 1 in a million. But, says Houk, "When we push risk assessment to 1 in a million, we are talking scientific, not to mention economic, nonsense. Do you know what 1 in a million really is? It's the risk you take in driving your car 40 miles; taking a commercial jetliner 2,500 miles; canoeing for six minutes."

In the pursuit of such perfection, says the toxic research center's Ronald Hart, "we are busy tripping over dollars to pick up pennies. For example, we know that diet accounts for about 35% of all cancer deaths, or about 178,000 a year, and maybe a lot more. Yet the federal government now spends less than $50 million a year on nutrition research, or about $280 per nutritionally caused death.

L. Novovitch/Gamma-Liaison

Dumping 72 million bottles of Perrier

It would be slightly risky to drink 25,550 bottles of benzene-contaminated Perrier.

"Do we really want to say that the person who dies of cancer from bad nutritional habits is worth $1,000, while the person who dies of air pollution is worth $30 million or maybe even a few billion?"

Office of Management & Budget Director Richard Darman says: "One of the greatest dangers of the 1990s is our scientific capacity to discover and define ever-diminishing levels of risk. This combined with our society's apparent willingness to place an infinite value on each human life is bound to lead to investing more and more resources on smaller risks with less and less real return in actual risk reduction or health improvement."

Case in point: This year American taxpayers will spend over $5 billion to remove asbestos from schools and office buildings under a 1987 federal law; the ultimate cost, for fixing 733,000 buildings, could run as high as $100 billion. Yet scientists are now discovering that ripping out asbestos often raises risks more than it reduces them, as was reported here three months ago (FORBES, *Jan. 8*) and later analyzed in more detail in the pages of *Science.*

As with other cancer scares, this one was accompanied by a risk forecast: 67,000 deaths a year from airborne asbestos (Health, Education & Welfare Secretary Joseph Califano, 1978). The forecast proved to be wide of the mark by a factor of 45. In the U.S. population, there are, per year, 1,500 cases of mesothelioma, the cancer most associated with asbestos exposure. Of those cases, 80% are among men over the age of 65 who were asbestos workers years ago, and a significant percentage of those workers were also heavy smokers. Like all other such predictions, the original projection was based on mathematical models, not on human experience or on epidemiology.

Here's another risk model prediction. A billboard on Route 50 near Washington, D.C. announces: "Radon will kill 20,000 Americans this year." This radon risk is extrapolated from studies of the occupational exposures of 375 uranium miners who died of lung cancer—exposures that are as much as 12,000 times the level found in average U.S. homes and 600 times the level found even in the nation's "hottest" 0.2% of homes.

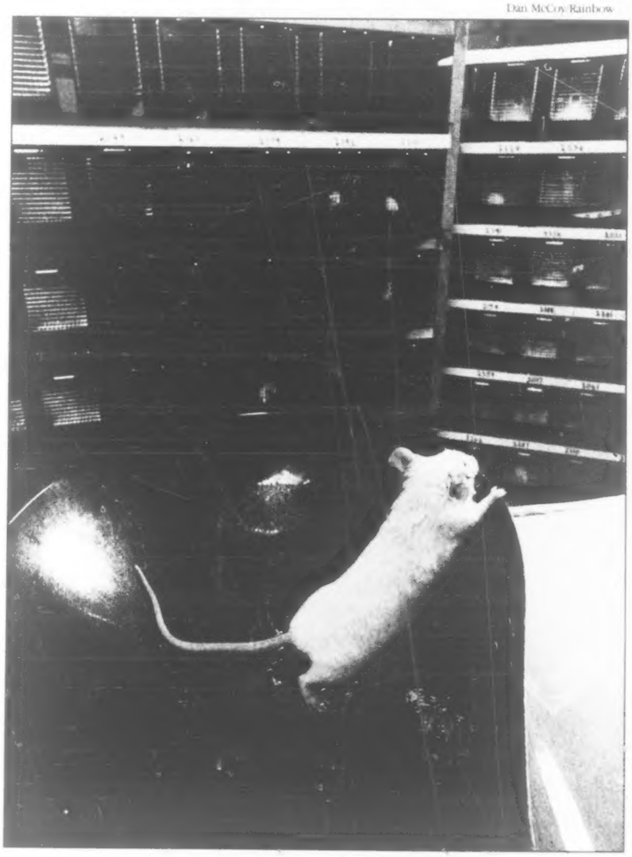
But this EPA risk model doesn't jibe very well with ecological evidence from the EPA itself. Last October the agency issued a report declaring that Iowa has the highest radon danger risk so far found in the U.S., with 71% of its homes above EPA's "warning level" and an average radon exposure seven times the nation's. Those numbers suggest Iowa should be in a lung cancer death epidemic. Yet Iowa's age-adjusted lung cancer death rate is 12% below the nation's. Could other factors besides age explain Iowa? Perhaps, but a more thorough statistical analysis of 415 U.S. counties turns up no correlation between radon levels and lung cancer rates. A leading epidemiologist, Yale's Dr. Jan Stolwijk, sums up the situation: "If radon were such a major risk factor it would clearly shine through in the ecological data, but it doesn't. In fact all of the epidemiological studies suggest that without smoking, radon is an unimaginably small public health risk."

Rosalyn Yalow, 1977 Nobel Prize winner in medicine and physiology, points out that virtually all the rise in lung cancer death rates came after cigarette smoking took hold. "Before 1920, when radon was equally prevalent, lung cancers were so rare that a finding was a major event for medical researchers," she says. "Even in 1930 the age-adjusted lung cancer death rate for men and women was less than 3 per 100,000. Today it is 57." Anthony Nero, a senior scientist at Lawrence Berkeley Laboratory and perhaps the nation's leading authority on radon, says: "The EPA has consistently and purposefully exaggerated both the risks associated with indoor radon and the prevalence of high concentrations."

The weaknesses in asbestos and radon risk models are mirrored in studies of other poisons, which are generally tested on laboratory rats. Here's what toxicologist Hart says about rat experiments: "Our risk models are based on at least 50 assumptions, none of which have been scientifically demonstrated. For example, we assume that there is no difference between continuous (as in animal tests) or intermittent (as in human experience) dosages. But that ignores our growing knowledge of the way in which DNA repairs the human system."

Hart wonders whether rat-feeding tests pick up cancers that have little to do with the chemical under study. "We feed rodents 'all-you-can-eat' buffets every day, yet we know that caloric intake is the single greatest contributing cause of cancer," he says. "In fact, we found you can modify the cancer-causing impact of one of the most potent carcinogens from 90% down to less than 3%, just by cutting caloric intake 20%." The rats may be dying from overeating, not from exposure to a specific carcinogen, but the deaths are attributed nonetheless to the carcinogens because that is what the experiments set out to prove. No one really knows how well risks for those rats translate into risks for humans. Last year Vernon Houk of the Centers for Disease Control told an Atlanta environmental symposium, "Risk assessment policy that relies solely on screening bioassay [animal test] results from the most sensitive species is not based on scientific principles. Neither is it credible or reliable."

Dan McCoy/Rainbow



Du Pont lab rat at weigh-in

"We feed rodents all-you-can-eat buffets, yet caloric intake is the single greatest cause of cancer."

Consider how extrapolations affected the government's response to an environmental crisis in 1982, the pollution of Times Beach, Mo. by dioxins. Dioxins, contaminants of the Agent Orange herbicide and by-products of many industrial processes, are exquisitely toxic: A diet consisting of less than one part per billion of dioxins would kill a guinea pig. But what if humans are exposed to far, far lower doses? Will they get cancer?

Dioxins are such powerful carcinogens in rodents that even though the highest levels measured in Times Beach soil were very low, federal health authorities felt they had no choice but to recommend evacuation of the town. The government spent $33 million to buy up houses and resettle residents.

Now, after costly epidemiological studies of individuals exposed to very high levels of dioxin, including victims of a 1976 industrial accident in Italy and the Air Force fliers who sprayed Agent Orange on Vietnam, scientists are finding no connection between the exposure and cancer rates. The most serious health effect was chloracne, a skin rash.

What happened? Two things. One is that the early studies of dioxin, for both Times Beach residents and Vietnam veterans, greatly overestimated exposures. Where the EPA said Vietnam veterans should still have high levels of dioxin in their blood, the Centers for Disease Control's blood tests on ground troops showed those levels no higher than the average for the U.S. population. Houk found that 40% of the persons classified as having had high exposure in Times Beach actually had low exposure. The other factor seems to be that dioxin is far less carcinogenic in humans than in laboratory rats. "To put it bluntly, we found that human beings were not nearly as susceptible to dioxin as guinea pigs," says Houk.

Rat studies seem sure to doom some vital pesticides. The EPA has the power to ban farm chemicals, which it generally does over the objections of the U.S. Department of Agriculture. The Agriculture Department estimates that 4,500 specific applications (the right to use this chemical on that crop) will be lost in the current round of EPA reviews, 1,000 of them "essential." Might this be a Pyrrhic victory for the proponents of safety? It was just a year ago that the National Research Council concluded

Gilbert Dupuy/Black Star

Boarded-up store in Times Beach, Mo.
We still don't know if that dioxin would have caused any cancer.

one of the very best ways to fight cancer and all other chronic diseases was to increase our consumption of fresh fruits and vegetables. Not only that, the report argued that the benefits of such increased consumption infinitely outweighed the small risks of the chemicals used to produce them. Do we really want to raise the cost of fruits and vegetables? Do we really want to drive farmers away from producing them?

The National Research Council report didn't get much attention, though. Three nights before it came out the Natural Resources Defense Council got on CBS' *60 Minutes* to reach 30 million viewers with a report declaring that their children were being poisoned by apples. Enough Alar—Uniroyal Chemical's trade name for daminozide—was used on apples, said the environmental activists, to give cancer to 250 to 910 children out of a million.

Even at the low end, that risk estimate was six times the EPA's. But CBS reporter Ed Bradley didn't mention the EPA risk number. Instead, he said that the EPA had told him that if it attempted to ban Alar, Uniroyal would sue. Cut to Representative Gerry Sikorski (D–Minn.), declaring, "Let them sue . . . then let them go to a cancer ward in any children's hospital in this country. See these bald, wasting-away kids. And then make a decision whether the risks balance over the benefits."

Emotion won over reason. Within hours, apples and apple juice were being dumped out across the nation. It was then that some hysterical consumers called the EPA to find out if it was safe to the groundwater to pour apple juice down the drain.

Now let's look at the evidence. The environmental group's report was based on one discredited 1977 study by cancer researcher Bela Toth. Since a similar 1966 daminozide study had shown no cancers, his findings were immediately suspect. In 1978 a National Cancer Institute study on 344 laboratory mice and rats showed no increases in tumors.

In 1985 a federal Scientific Advisory Panel reviewed the 1977 Toth data and found that he had fed the animals far more than the maximum tolerated dosage, something like 266,000 times human exposure. One of the panelists concluded that the Toth study was "useless for assessing carcinogenic risk from Alar, and provided no basis for canceling its registration."

Even so, in 1986 the EPA ordered Uniroyal to conduct additional studies. Those studies failed to produce any cancers at the 20 parts per million dosage level. So, too, when the dosages were doubled. At 80 parts per million they were able to produce significant tumors in a group of 90 mice. But that dose level was 22,000 times a typical human exposure as calculated by the EPA, and it was high enough that toxicity was killing 80% of the animals prematurely.

But note that there is good reason to suspect that EPA exposure numbers at least for other agricultural chemicals are overstated. An October 1989 study by Sandra Archibald of Stanford and Carl Winter of the University of California at Riverside found that assumptions used by the National Research Council and the EPA about consumer exposures to insecticides are too high: by a factor of 21,000 for apples, 2,600 for tomatoes and 300 for lettuce. For example, instead of the NRC's estimated cancer risk of 1,462 deaths per million from pesticides on apples, Archibald and Winter found only 0.07 per million.

Sanford Miller, dean of the Graduate School of Biomedical Science at the University of Texas Health Science Center, sums it up: "The risk of pesticide residues to consumers is effectively zero." This commonsense view, however, is still contravened by the 32-year-old Delaney clause, which outlaws any additive that tests positive for cancer in rodents.

Given the nature of animal tests, it is not surprising that half of all pesticides tested turn out to be carcinogens. More intriguing, the same tests show nearly half of all the *natural* plant pesticides tested are rodent carcinogens. Says University of California's Bruce Ames: "99.99% of all pesticide carcinogens now ingested by humans are natural—that is, generated as defense mechanisms within the plants themselves. . . . When I realized that we were already ingesting 10,000 times as many natural carcinogenic pesticides as synthetic, and human health keeps getting better, I began to put the risk into perspective." Says Sanford Miller: "If we applied Delaney to all food we would never get to die of cancer. We would all starve to death because we'd have to ban all the foods we now eat."

It was a biased exposure model that underlay last December's decision by the EPA to phase out the use of most ethylene bidithiocarbonates, the most widely used crop insecticides, at a cost in higher prices and lost commodities of over $2 billion a year. But if the Food & Drug Administration's exposure data are correct, only one

What causes cancer?

It's still not known; these are the midpoints of sometimes quite wide ranges of possible percentages.

Cancer contributor	Fraction of total cancers
Diet	35%
Tobacco	30
Infection	10
Sexual behavior*	7
Occupation	4
Geophysical factors	3
Alcohol	3
Pollution	2
Medical treatments	1
Food additives	under 1
Industrial products	under 1
Unknown and other	3

*Includes timing of pregnancy and menstruation.

Source: Adapted from R. Doll and R. Peto, The Causes of Cancer third of one cancer risk would be so avoided. That's $6 billion per cancer. Worse, the ban puts consumers at even greater risk. As Winter, the California academic, puts it, "Elimination of specific fungicides could decrease the safety of the food supply by allowing the production of greater levels of fungal carcinogens."

Yet when Agriculture Secretary Clayton Yeutter announced his plan to reform the Delaney clause and begin weighing risks against benefits, environmentalists went ballistic. National Resources Defense Council lawyer Janet Hathaway declared, "Allowing EPA to consider the continued use of a chemical whenever the benefits outweigh the risks is absolutely anathema to the environmental community." She failed to mention who elected the "environmental community" to dictate agricultural policy.

Right after NRDC's attack on Alar, Steven Wood, an apple grower in West Lebanon, N.H. and a leading advocate of low-pesticide, integrated pest management, invited Hathaway to come see the damage she'd done. "We showed her one packing house after another jammed to the rafters with unsold fruit, and one farmer after another wiped out by the *60 Minutes* program. She was clearly very distressed at what she saw."

Distressed but not persuaded. Wood goes on: "Before the *60 Minutes* show we met with Hathaway, as well as Meryl Streep and her group and the CBS producer, David Gelber, and told them about Alar's critical role in lowering pesticide use, and that the 1977 bioassay study on Alar had been completely discredited. Gelber told us in effect go jump in the lake." Clearly, he did not want to let the facts get in the way of a good, scary show.

The toxicology center's Dr. Hart warns that the current methods of risk assessment are dangerous to our society, and not only to apple farmers. He says: "There's a fundamental incompatibility between writing law and doing science. Blackstonian law deals in absolutes and in definitions. But science is an evolving beast, constantly changing as new knowledge is acquired. Unless you make laws compatible with science, a technology-based society is doomed."

The trouble is that both Congress and the EPA have powerful political incentives to run away from any alleged danger. Who wants to be portrayed on a network news feature as callously consigning children to the cancer ward?

But, says Agriculture Secretary Yeutter, "It is simply ludicrous to apply a zero risk standard to carcinogens or anything else in this world, because the good Lord did not give us a risk-free world, or a risk-free environment for anything, including fruit. Biological zero is attainable but mathematical zero is not."

The 1990 Economic Report of the President argues that "regulatory goals should be set so that potential benefits to the society from regulation outweigh the potential costs." That is eminently rational, but it almost never happens, simply because every agency involved has the incentive and the power to regulate as if its risk were the most serious. Its budget, after all, depends on frightening people. But no sensible person these days identifies bureaucratic interests with the interests of society as a whole.

W. Eastep/Stock Market

Spraying fungicides in Florida

A weak carcinogen is banned—at a cost to society of $6 billion per cancer death avoided.

Thus the pursuit of zero risk, encouraged by some government officials and fed by legislators nervous of incurring the wrath of the self-styled "environmental community," threatens the health of our economy without doing much for the health of our citizens. Budget Director Richard Darman supervises an agency called the Office of Information & Regulatory Affairs that is supposed to be the "risk budgeteer." Indeed, President Bush took pride in his Reagan-era role in using this agency to inject some rationality into the regulatory process. But under Darman the agency's influence has withered. Darman admits as much. "I have taken some pains not to allow [this agency] to be used as a delaying tactic. Otherwise we will have it taken away from us legislatively." Darman is like a cop who doesn't dare to make arrests of certain obvious wrongdoers, because if he does the powers-that-be will take his badge away.

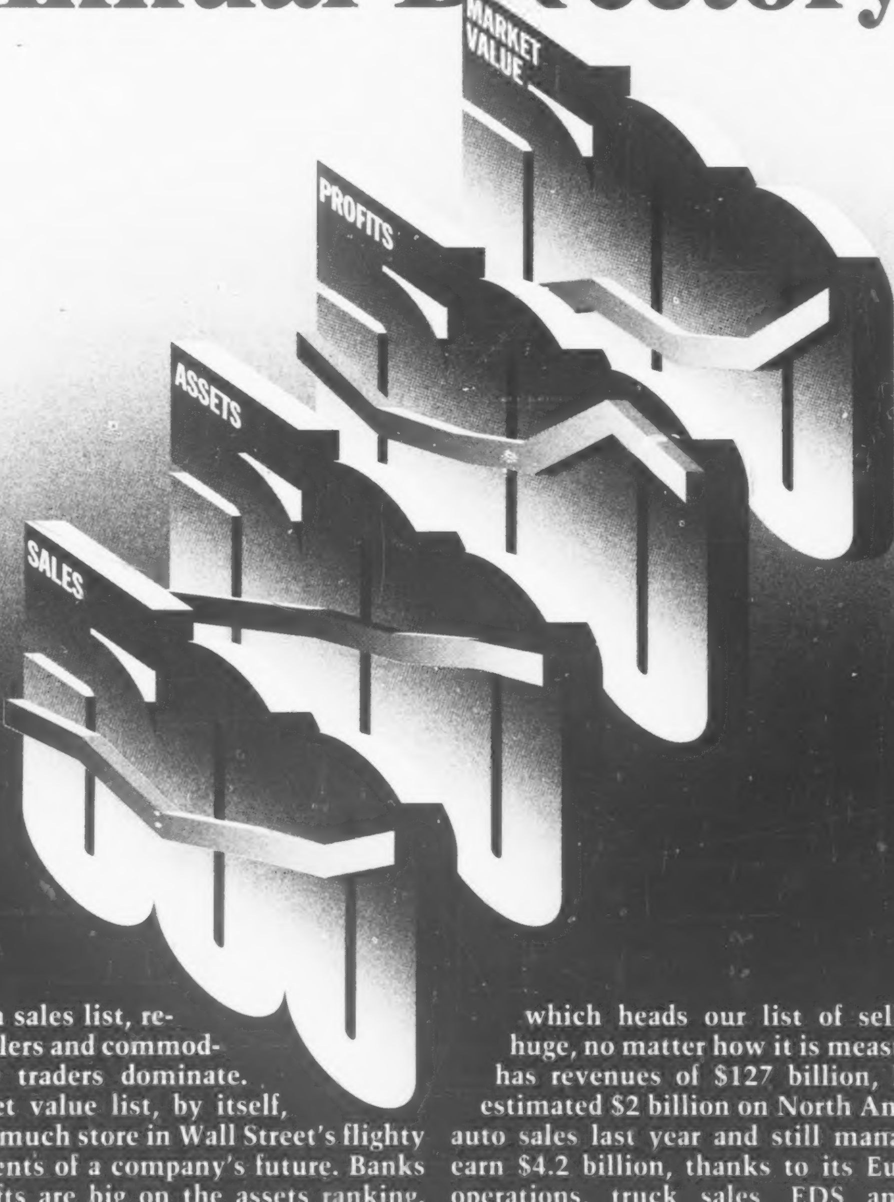
What really concerns Darman is that the process of controlling risk has become so manipulative and theoretical. "I know it sounds absurd, but you can imagine a situation in which we no longer do animal experiments," he says. "We are not far from a situation where somebody develops a model of humans, a model for animals and models for chemicals, and they put them all together and assemble a risk estimate without ever showing any cause and effect evidence."

"He's right," says Vernon Houk, the environmental health expert at the Centers for Disease Control. "It's already happening to a degree. These computer models of risk have taken on a life of their own that has little relationship to reality."

So here we are on the edge of spending tens or perhaps hundreds of billions of dollars on programs of doubtful benefit, acting not on proven facts but on hysteria and questionable statistical models. But who is there to see the big picture when a minority of activists have the politicians buffaloed and the media largely snowed? Aaron Wildavsky, political scientist from U.C. Berkeley, warns, "If we hinder progress on the grounds it brings some 'bads,' we will deny ourselves even greater 'goods.' If it seems too cruel to contemplate any harm at all, the even greater cruelty is to abandon net benefit, for giving *that* up guarantees that more people will have worse health."

It's really very simple: Before we hobble our economy and our society with costly new laws and regulations we should ask ourselves in each instance whether the hoped-for benefits justify the costs to our economy and our health. ■

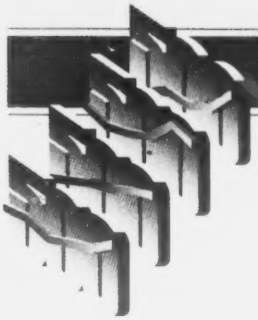
The Forbes 500s Annual Directory



On a sales list, retailers and commodity traders dominate. A market value list, by itself, puts too much store in Wall Street's flighty assessments of a company's future. Banks and thrifts are big on the assets ranking. And giant companies disappear from the profits list in years when they take big-bath writeoffs.

There's no arguing that General Motors, which heads our list of sellers, is huge, no matter how it is measured. It has revenues of $127 billion, lost an estimated $2 billion on North American auto sales last year and still managed to earn $4.2 billion, thanks to its European operations, truck sales, EDS and GM Hughes. More than 775,000 people work for it.

At the other end of the sales roster is Santa Monica, Calif.-based Tosco, a gaso-



Making the 500s

The minimum cutoffs and last-ranked firms now and a decade ago.

Sales		
1979	964	Zale
1989	1,441	Tosco
Net profits		
1979	52.6	ARA Services
1989	72.0	Community Psychiatric
Assets		
1979	1,442	Liberty National
1989	2,644	Harcourt Brace
Market value		
1979	394	Republic Steel
1989	1,038	Perkin-Elmer

All figures are in millions of dollars

line refiner with 1,300 workers, a dwarf next to General Motors. Yet Tosco is much larger in sales than another 500s company, ALZA Corp., with revenues of only $82 million. ALZA is an innovator in rate-controlled drug delivery systems. Its outsize net profit margin of 23% and its perceived growth prospects give it a market value of $1.2 billion, enough to capture a position in the Forbes 500 market value survey. If Wall Street is right in its perceptions, ALZA will probably join one of the other lists too, someday. It doesn't always happen this way, but many of the big corporations that emerged in the 1980s, such as Apple Computer, Federal Express, Berkshire Hathaway and Toys "R" Us, first appeared on our market value report before joining one of the other three listings.

Over the years our report on the 200 best small companies in the U.S. *(Nov. 13, 1989)* also has served as a spawning ground for the Forbes 500s. Such companies as Autodesk, Community Psychiatric Centers, Computer Associates International, Cray Research, FlightSafety International and Turner Corp. originally gained fame for their growth rather than their size.

Yet bigness is not always a virtue. Though they don't show up on our profits or market value scorecards, many of the crippled Goliaths of the savings and loan industry still managed to make our assets ranking. American Capital's stock is down to ⅛, which gives it a market value of only $7 million. Yet the troubled thrift still shows reported assets of $6 billion.

For every sick thrift that's likely to fall off next year's list, there are other contenders ready to take its place. With just over $1 billion in market value, Allergan missed the 500s by only two positions. Allergan, formed by a July

How the numbers are calculated

To qualify for a Forbes 500 listing, a company must be publicly traded as of Mar. 23, 1990, U.S.-based and one of the 500 largest firms by sales, net profits, assets or market value. If a corporation is consolidated by another Forbes 500 company, FORBES ranks only the parent. For example, IBP, owned by Occidental Petroleum, does not appear here.

Fiscal year-end results are used for companies with fiscal years ending in December and January and, where available, February. For all other firms, sales, profits and cash flow are for the last 12 months. Market value is the total capitalization of all classes of common stock and is based on the stock price and number of shares outstanding on Mar. 23.

Operating revenues are used for sales. For banks this includes gross interest income plus other operating income. Net profit excludes extraordinary items but includes earnings from discontinued operations. Cash flow is net profits plus depreciation and amortization. Employee counts are averages for the last fiscal year.

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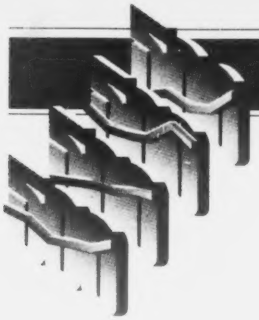
The Super 50

		Where they rank							
Super 50 Rank	Company	Assets	Sales	Market value	Net profits	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profit ($mil)
1	General Motors	2	1	6	1	172,899	126,932	31,307	4,224.3
2	General Electric	5	5	3	2	128,344	54,574	57,193	3,939.0
3	Exxon	14	3	2	5	83,219	86,656	57,676	2,975.0
4	IBM	15	4	1	4	77,734	62,710	60,345	3,758.0
5	Ford Motor	3	2	17	3	160,695	96,146	22,190	3,835.0
6	Philip Morris Cos	35	8	5	6	38,528	39,011	36,566	2,946.0
7	American Tel & Tel	36	10	4	7	37,687	36,112	44,646	2,697.0
8	Mobil	34	7	13	12	39,080	50,220	25,022	1,809.0
9	EI du Pont de Nemours	40	11	11	9	34,715	35,099	26,043	2,480.0
10	Sears, Roebuck	12	6	38	16	86,972	53,794	13,152	1,508.5
11	American Express	4	17	41	25	130,855	25,047	11,234	1,157.0
12	Amoco	50	18	9	15	30,430	23,966	26,666	1,610.0
13	GTE	46	31	18	19	31,986	17,424	20,747	1,417.3
14	BellSouth	52	40	12	14	30,050	13,996	25,826	1,695.0
15	Texaco	64	13	34	10	25,636	32,416	15,423	2,413.0
16	American Intl Group	29	38	35	21	46,143	14,150	15,263	1,367.5
17	Dow Chemical	80	29	23	8	22,166	17,600	18,146	2,487.0
18	Atlantic Richfield	79	34	19	11	22,261	15,351	18,739	1,953.0
19	Procter & Gamble	92	19	16	20	17,996	22,605	23,272	1,395.0
20	Citicorp	1	9	62	89	230,643	37,970	7,875	498.0
21	Federal Natl Mortgage	6	54	59	49	124,315	11,557	8,122	807.3
22	Bell Atlantic	59	55	24	31	26,220	11,449	18,072	1,074.5
23	ITT	31	23	83	36	45,503	20,054	6,404	922.0
24	Nynex	62	43	30	48	25,910	13,211	16,056	807.6
25	USX	95	30	48	32	17,500	17,533	9,009	965.0
26	Loews	43	61	64	38	32,451	11,113	7,842	907.1
27	Aetna Life & Cas	11	24	105	66	87,099	19,671	5,431	639.4
28	BankAmerica	9	56	97	45	98,764	11,389	5,811	820.0
29	PepsiCo	106	35	28	39	15,127	15,242	16,257	901.4
30	Ameritech	89	67	29	24	19,833	10,211	16,247	1,238.2
31	Pacific Telesis	83	82	21	23	21,194	9,593	18,548	1,242.0
32	US West	68	79	37	26	25,426	9,691	13,620	1,110.7
33	Westinghouse	88	45	43	36	20,314	12,844	10,750	922.0
34	Eastman Kodak	75	27	39	86	23,648	18,398	12,450	529.0
35	Boeing	118	21	26	64	13,278	20,276	16,729	675.0
36	Southwestern Bell	84	91	27	28	21,161	8,730	16,532	1,092.8
37	Xerox	51	28	115	59	30,088	17,635	5,111	704.0
38	Pacific G&E	82	93	47	40	21,352	8,588	9,116	900.6
39	Wal-Mart Stores	207	16	10	30	8,198	25,922	26,325	1,075.9
40	JC Penney	126	32	57	50	12,698	16,103	8,249	802.0
41	Tenneco	96	39	55	79	17,381	14,083	8,407	584.0
42	Minn Mining & Mfg	175	51	22	22	9,776	11,990	18,537	1,244.0
43	Chevron	41	15	15	200	33,884	29,443	23,866	251.0
44	United Technologies	110	25	77	60	14,598	19,532	6,872	702.1
45	Security Pacific	13	73	134	55	83,943	10,018	4,319	740.6
46	Digital Equipment	151	44	46	41	11,255	12,937	9,505	875.8
47	Cigna	21	33	151	83	57,779	15,654	3,891	562.0
48	Southern Company	78	108	60	44	22,845	7,492	8,090	846.0
49	Hewlett-Packard	168	49	42	47	10,202	12,345	11,119	809.0
50	Coca-Cola	205	87	14	13	8,283	8,966	24,983	1,723.8



The grand totals

Although the five-year trend is negative, employment at the 783 directory companies rose in 1989. For the first time since 1985, year-to-year profits fell at the 500 most profitable corporations.

Category	1989 total	Change over 1988	5-year growth rate
Sales 500	$3.2 trillion	7.6%	4.2%
Profits 500	$182 billion	–2.7	7.2
Assets 500	$7.0 trillion	6.0	9.0
Market Value 500	$2.3 trillion	17.0	11.0
Total employment of 500s companies	20.3 million	1.9	–1.1

1989 spinoff by SmithKline Beckman, makes eye and skin care products. The company's profits of $57 million are a far cry from General Motors' $4.2 billion. But compared with Community Psychiatric Centers, ranked 500 on the profits list with earnings of $72 million, Allergan is just another small company with a good shot at making it into the big leagues.

A combination of the four lists published here captures the depth and breadth of business. As a group, the 783 corporations that make one or more of our 500s lists employ 20.3 million workers, have sales of $3.4 trillion, have a market value of $2.5 trillion, control a combined $7.4 trillion in assets and earned $173.7 billion last year.

The 283 corporations that didn't make the Profits 500 ranking actually lost a total of over $8 billion.

More than a third of the 783 Forbes 500s corporations qualify for all four lists. From these, we created our first Super 50 list, made up of the 50 companies that came out on top when the individual rankings from each of the four other tables were added together. These companies have passed all the tests: They are the 50 most powerful corporations in America (see page 223).

Who pays the most dividends

On the basis of their indicated dividend rates, the 783 Forbes 500s companies will pay out $78.8 billion to shareholders over the next 12 months.

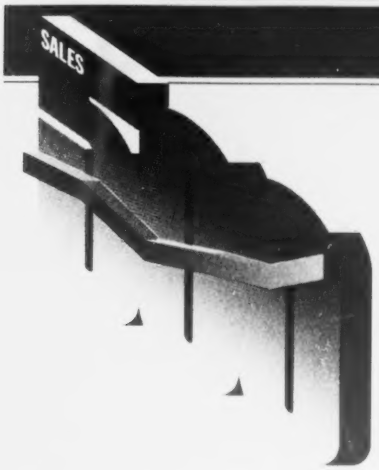
Company	Indicated rate $	Yield %	Total dividends ($mil)
Exxon	2.40	5.2	3,076.7
International Business Machines	4.84	4.6	2,852.4
General Electric	1.88	2.9	1,696.3
Ford Motor	3.00	6.2	1,424.0
American Telephone & Telegraph	1.32	3.2	1,417.2
BellSouth	2.68	5.0	1,243.7
Bristol-Myers Squibb	2.12	4.1	1,104.1
Mobil	2.60	4.2	1,066.9
GTE	2.92	4.6	955.3
Chevron	2.80	4.2	954.7

The biggest losers

Major banks continue to write down their foreign loans. Pinnacle West Capital, an Arizona utility, has lost millions from its 1988 acquisition of MeraBank.

Company	Net loss ($mil)	Sales ($mil)
JP Morgan & Co	1,275.0	10,394
Bank of New England	1,113.3	3,478
Bankers Trust NY	979.9	7,258
Texas Air	885.6	6,685
Control Data	680.4	2,935
Chase Manhattan	665.0	13,904
Unisys	639.3	10,097
Manufacturers Hanover	588.0	8,300
Pinnacle West	551.4	1,508
Wang Laboratories	511.0	2,620

The Forbes Sales 500



General Motors takes first place for the fifth consecutive year, with sales of about $500 for each U.S. citizen. But runnerup Ford is narrowing the gap.

A RECORD $127 BILLION IN REVENUES kept General Motors in first place in the sales race. In the 1970s Exxon sometimes eclipsed GM in sales, and in the 1980s the success of the Japanese and Ford put tremendous pressure on the old U.S. giant. But for now the sales list starts the same way it did in the first Forbes 500s, in 1969, with GM at the top.

How the world has changed for GM can be seen by the revenue gap between GM and second-place Ford. Ten years ago General Motors had a commanding 52% lead in revenues over its Dearborn competitor; the spread is now down to 32%.

The entire list adds up to $3.2 trillion in sales, a 7.6% increase over 1988. Adjusted for inflation, that's not much of a showing—only about 3%. Why the weakness at the top? In part it reflects the fact that growth is coming more from smaller, service-oriented firms that don't make this list than from giants like GM and Exxon. Multinational companies were hurt when they converted foreign sales into the strong U.S. dollar. The relative shrinkage at the top is also due to acquisitions by foreign firms (Sony taking over Columbia Pictures, for example).

Rank 1989	Rank 1988	Company	Sales ($mil)	Change over 1988 %
1	1	General Motors	126,932	2.7
2	2	Ford Motor	96,146	4.0
3	3	Exxon	86,656	8.9
4	4	IBM	62,710	5.1
5	6	General Electric	54,574	9.0

Acquisitions and mergers were one way a number of corporations increased their revenues significantly more than the overall average. A December 1988 buyout of Primerica by Commercial Credit Corp. gave Primerica (the renamed company) the greatest increase in revenues, more than 500%. Although Ames Department Stores is now struggling with its 1988 acquisition of Zayre's discount stores, it shows a 136% increase in sales over last year. NCNB posted a 117% rise in sales by taking over several insolvent banks in Texas, including the streamlined First Republic Bank.

Revenues jumped 51% at Philip Morris, thanks to its acquisition of Kraft. And the October 1989 combination of Bristol-Myers (ranked 121 in 1989) and Squibb (ranked 310 in 1989) created Bristol-Myers Squibb (ranked 85). Note: In cases where a merger or acquisition significantly increased revenues, we do not show a rank for the previous year.

If some big companies merged their way to greater business, others divested to shrink their size. The sale of its $1.4 billion (revenues) computer business to Groupe Bull lowered sales 42% at Zenith Electronics, to $1.5 billion. Zenith is betting the ranch on manufacturing TVs in the U.S. and on high-definition television. Paramount Communications' revenues dropped 34%, largely from the sale of its Associates financial services unit.

There are 34 newcomers to this list. Reader's Digest (revenues $1.9 billion), the 68-year-old publisher, had its initial public offering Feb. 14. Waban, formerly a $1.6 billion division of Zayre, was spun off as a public company in June 1989. Other additions include Seagate Technology, Cyprus Minerals and Crane. Revenues at firms such as NWNL Cos., Outboard Marine and Harcourt Brace Jovanovich fell below our minimum cutoff point. The smallest company on our list this year, Tosco, had sales of $1.44 billion. Last year it took revenues of $1.39 billion to get on.

Winners

The leaders in sales growth

Rank 1989	Rank 1988	Company	Sales ($mil)	Change over 1988 %
153	■	Primerica	5,695	500.0
343	■	Maxxam	2,423	366.7
166	233	Ames Dept Stores	5,295	135.5
308	■	Penn Traffic	2,700	128.8
300	■	Panhandle Eastern	2,781	120.4

■ Not on 500 list in 1988.

Losers

The laggards in sales growth

Rank 1989	Rank 1988	Company	Sales ($mil)	Change over 1988 %
479	302	Zenith Electronics	1,549	–42.3
244	151	Paramount Communications	3,463	–34.4
486	360	Pinnacle West	1,508	–30.0
344	244	Armco	2,423	–24.9
433	291	Interco	1,759	–24.3

Rank 1989	Rank 1988	Company	Sales ($mil)	Change over 1988 %
6	5	Sears, Roebuck	53,794	7.1
7	7	Mobil	50,220	4.2
8	14	Philip Morris Cos	39,011	50.9
9	12	Citicorp	37,970	18.6
10	9	American Tel & Tel	36,112	2.6
11	11	EI du Pont	35,099	7.5
12	8	Chrysler	34,922	–1.6
13	10	Texaco	32,416	–3.4
14	13	K mart	29,792	8.1
15	15	Chevron	29,443	16.9
16	19	Wal-Mart Stores	25,922	24.9
17	17	American Express	25,047	9.2
18	18	Amoco	23,966	13.3
19	20	Procter & Gamble	22,605	11.0
20	24	American Stores	22,004	19.1
21	30	Boeing	20,276	19.5
22	21	Occidental Petroleum	20,068	3.4
23	22	ITT	20,054	3.6
24	16	Aetna Life & Cas	19,671	10.4
25	25	United Technologies	19,532	8.5
26	28	Kroger	18,832	–1.2
27	29	Eastman Kodak	18,398	8.0
28	33	Xerox	17,635	7.3
29	31	Dow Chemical	17,600	5.5
30	34	USX	17,533	11.0
31	32	GTE	17,424	5.9
32	35	JC Penney	16,103	8.6
33	26	Cigna	15,654	5.8
34	27	Atlantic Richfield	15,351	–12.9
35	40	PepsiCo	15,242	17.2
36	36	McDonnell Douglas	14,589	–3.2
37	60	ConAgra	14,467	32.3
38	37	American Intl Group	14,150	10.2
39	39	Tenneco	14,083	6.4
40	38	BellSouth	13,996	2.9
41	43	Chase Manhattan	13,904	12.4
42	45	Dayton Hudson	13,644	11.8
43	41	Nynex	13,211	4.3
44	44	Digital Equipment	12,937	5.3
45	42	Westinghouse	12,844	2.8
46	46	Rockwell Intl	12,534	3.3
47	23	Travelers	12,523	2.1
48	49	Phillips Petroleum	12,384	9.6
49	59	Hewlett-Packard	12,345	19.9
50	58	Fleming Cos	12,045	15.1
51	55	Minn Mining & Mfg	11,990	13.3
52	47	Allied-Signal	11,942	0.3
53	50	Sara Lee	11,746	4.8
54	53	Federal Natl Mortgage	11,557	8.7
55	51	Bell Atlantic	11,449	5.2
56	62	BankAmerica	11,389	11.9
57	70	International Paper	11,378	19.4
58	56	Merrill Lynch	11,335	7.5
59	63	Great A&P Tea	11,148	10.7
60	61	Caterpillar	11,126	6.6
61	57	Loews	11,113	5.8
62	64	Super Valu Stores	11,000	9.7
63	68	Alcoa	10,910	11.4
64	52	Goodyear	10,869	0.5
65	79	AMR	10,480	18.8
66	94	JP Morgan & Co	10,394	32.6
67	66	Ameritech	10,211	3.1
68	71	Georgia-Pacific	10,171	7.0
69	65	Weyerhaeuser	10,106	1.0
70	67	Unisys	10,097	2.0
71	78	Unocal	10,056	13.6
72	69	General Dynamics	10,043	5.2
73	82	Security Pacific	10,018	18.1
74	54	Lockheed	9,891	–6.6
75	131	Enron	9,836	18.9
76	80	Sun Company	9,805	13.9
77	76	UAL	9,794	9.0
78	75	Johnson & Johnson	9,757	8.4
79	73	US West	9,691	5.1
80	87	Motorola	9,620	16.6
81	48	May Dept Stores	9,602	–18.2
82	72	Pacific Telesis	9,593	1.2
83	74	Winn-Dixie Stores	9,486	4.4
84	77	Anheuser-Busch Cos	9,481	6.2
85	■	Bristol-Myers Squibb	9,189	7.4
86	117	Salomon	8,999	46.4
87	84	Coca-Cola	8,966	7.5
88	90	Woolworth	8,820	9.1
89	89	Raytheon	8,796	7.4
90	85	Union Carbide	8,744	5.0
91	83	Southwestern Bell	8,730	3.3
92	86	Monsanto	8,681	4.7
93	95	Pacific G&E	8,588	12.3
94	101	Delta Air Lines	8,572	17.0
95	91	Mfrs Hanover	8,300	3.5
96	88	Coastal Corp	8,271	1.0
97	97	Chemical Banking	8,227	9.0
98	102	Lincoln National	8,081	16.7
99	93	Ashland Oil	8,047	2.4
100	98	Archer Daniels	7,745	5.0
101	96	CSX	7,745	2.0
102	175	Time Warner	7,642	69.6
103	104	Borden	7,593	4.8
104	108	McKesson	7,578	7.5
105	112	Melville	7,554	11.4
106	114	United Telecom	7,549	16.3
107	99	Marriott	7,536	2.3
108	106	Southern Company	7,492	3.6
109	147	Deere & Co	7,488	31.6
110	103	Textron	7,440	2.1
111	113	Albertson's	7,423	9.6
112	110	Baxter International	7,399	7.8
113	109	TRW	7,340	5.1
114	141	Sysco	7,326	31.7
115	105	American Brands	7,265	0.4
116	127	Bankers Trust NY	7,258	24.0
117	111	Emerson Electric	6,998	3.0
118	116	SCEcorp	6,904	10.4
119	119	Ralston Purina	6,858	13.4
120	150	Bank of Boston	6,844	29.2
121	92	Transamerica	6,834	8.7
122	184	Federal Express	6,769	48.7
123	124	Pacific Enterprises	6,762	14.0
124	145	American Home Prods	6,747	5.4
125	144	Fluor	6,733	22.1
126	81	Texas Air	6,685	–22.0
127	122	Merck	6,551	10.3
128	123	First Interstate Bncp	6,535	10.2
129	115	Texas Instruments	6,522	3.6
130	118	Union Pacific	6,492	7.0
131	154	MCI Communications	6,471	26.0
132	100	LTV	6,362	–13.1
133	132	USAir Group	6,252	9.5
134	126	FPL Group	6,180	5.6
135	142	General Mills	6,180	12.6
136	280	NCNB	6,152	117.4
137	181	Whirlpool	6,152	42.6
138	140	Reynolds Metals	6,143	10.3
139	129	WR Grace	6,115	5.7
140	125	Continental Corp	6,079	3.4
141	135	James River Corp Va	6,071	8.0
142	143	McDonald's	6,066	9.9
143	107	Honeywell	6,059	–15.2
144	134	HJ Heinz	6,022	6.8
145	152	Campbell Soup	6,003	13.9
146	120	NCR	5,956	–0.6
147	189	Morgan Stanley	5,831	41.9
148	130	Martin Marietta	5,796	–1.2
149	138	Commonwealth Ed	5,751	2.5
150	136	PPG Industries	5,734	2.1
151	148	Kimberly-Clark	5,734	6.3
152	137	Quaker Oats	5,729	2.0
153	■	Primerica	5,695	500.0+
154	149	Pfizer	5,672	5.3
155	164	Halliburton	5,661	17.3
156	161	Wells Fargo	5,649	16.4
157	186	Amerada Hess	5,589	32.9
158	158	Walgreen	5,555	11.5
159	165	First Chicago	5,551	15.9
160	156	Consolidated Edison	5,551	8.6
161	309	Bank of New York	5,497	109.8
162	160	Abbott Laboratories	5,380	9.0
163	178	Apple Computer	5,372	21.2
164	■	Lyondell Petrochem	5,358	14.1
165	208	Stone Container	5,330	42.4
166	233	Ames Dept Stores	5,295	135.5
167	146	Bethlehem Steel	5,251	–4.3
168	128	Northrop	5,248	–9.5
169	200	Vons Cos	5,221	33.3
170	162	Wetterau	5,189	7.0

■ Not on 500 list in 1988.

The Forbes Sales 500

Rank 1989	Rank 1988	Company	Sales ($mil)	Change over 1988 %
171	155	Champion Intl	5,163	0.7
172	153	Dana	5,157	–0.6
173	174	Price Co	5,150	18.7
174	163	American Electric	5,140	6.2
175	183	Cooper Industries	5,129	20.5
176	170	CPC International	5,103	8.6
177	157	Ryder System	5,073	0.9
178	159	Litton Industries	5,073	2.6
179	169	Scott Paper	5,066	7.2
180	168	Colgate-Palmolive	5,039	6.4
181	166	Capital Cities/ABC	4,957	3.9
182	207	Walt Disney	4,839	29.1
183	173	American Cyanamid	4,825	5.1
184	179	Pub Svc Enterprise	4,805	9.3
185	194	Toys "R" Us	4,788	19.7
186	206	Food Lion	4,717	23.6
187	139	USF&G	4,679	1.7
188	180	Kellogg	4,652	7.0
189	191	Limited	4,648	14.2
190	204	PNC Financial	4,645	21.4
191	176	Mead	4,612	3.3
192	171	Burlington Northern	4,606	–2.0
193	177	Norfolk Southern	4,536	1.7
194	223	Waste Management	4,459	25.1
195	220	Humana	4,444	18.8
196	226	HF Ahmanson	4,372	24.5
197	190	Boise Cascade	4,338	5.9
198	182	Dun & Bradstreet	4,322	1.3
199	187	Texas Utilities	4,321	4.0
200	195	Tandy	4,284	10.0
201	205	American General	4,227	10.6
202	203	Alco Standard	4,207	8.7
203	201	Warner-Lambert	4,196	7.4
204	192	Eli Lilly	4,176	2.6
205	210	Bergen Brunswig	4,161	11.5
206	193	Inland Steel Inds	4,147	1.9
207	188	Navistar Intl	4,116	–1.2
208	198	Chubb	4,023	1.1
209	209	Reliance Group	4,012	29.3
210	218	Whitman	3,986	11.3
211	196	Dresser Industries	3,982	–0.2
212	232	National Medical	3,963	15.4
213	245	Johnson Controls	3,894	20.7
214	199	AMAX	3,892	–1.3
215	202	Coca-Cola Enterprises	3,882	0.2
216	249	Gt Western Financial	3,824	20.8
217	227	Chiquita Brands	3,823	9.1
218	219	Gillette	3,819	6.6
219	215	Houston Industries	3,790	3.8
220	212	St Paul Cos	3,789	4.3
221	300	Consol Freightways	3,760	39.8
222	248	Circle K	3,731	28.6
223	224	Entergy	3,724	4.4
224	225	PacifiCorp	3,717	5.6
225	234	Dominion Resources	3,700	10.6
226	231	Eaton	3,671	5.8
227	258	Fleet/Norstar Finl	3,658	19.9
228	214	Duke Power	3,639	0.3
229	330	Black & Decker	3,615	52.3
230	240	Mellon Bank	3,596	10.0
231	247	Turner Corp	3,562	11.4
232	222	Pan Am	3,561	–0.2
233	237	Greyhound Dial	3,537	7.0
234	172	Teledyne	3,531	–0.1
235	265	AmBase	3,526	18.4
236	235	Gannett	3,518	6.1
237	236	Cummins Engine	3,511	6.1
238	216	Grumman	3,506	–2.4
239	211	Fund American Cos	3,490	–5.8
240	307	Household Intl	3,490	32.3
241	221	TW Holdings	3,485	–2.5
242	246	Bank of New England	3,478	8.8
243	242	Times Mirror	3,475	6.6
244	151	Paramount Commun	3,463	–34.4
245	261	Ingersoll-Rand	3,447	14.1
246	238	FMC	3,415	3.9
247	228	Consolidated Rail	3,411	–2.3
248	243	Philadelphia Elec	3,406	5.5
249	260	MCA	3,382	11.9
250	241	Paccar	3,331	1.9
251	272	First Union	3,313	14.3
252	255	Service Merchandise	3,307	6.9
253	257	Avon Products	3,300	7.7
254	273	SunTrust Banks	3,296	14.1
255	344	Student Loan	3,281	44.4
256	352	Costco Wholesale	3,254	48.4
257	264	Giant Food	3,249	8.8
258	252	Columbia Gas System	3,204	2.4
259	253	Detroit Edison	3,203	3.3
260	263	Continental Bank	3,203	6.3
261	295	Banc One	3,163	15.7
262	270	Genuine Parts	3,161	7.5
263	267	Schering-Plough	3,158	6.3
264	325	Masco	3,151	29.2
265	292	Rite Aid	3,134	14.2
266	276	Intel	3,127	8.8
267	275	RR Donnelley & Sons	3,122	8.5
268	268	Contel	3,114	5.1
269	282	CalFed	3,099	10.1
270	285	Hercules	3,092	10.3
271	407	Maytag	3,089	63.8
272	301	Kerr-McGee	3,087	14.8
273	311	Dillard Dept Stores	3,049	19.2
274	312	Barnett Banks	3,038	19.3
275	308	American Petrofina	3,036	15.2
276	363	Tele-Communications	3,026	32.6
277	394	MNC Financial	3,019	52.2
278	266	National Intergroup	3,008	1.1
279	279	Owens-Corning	3,000	6.0
280	284	First Fidelity Bncp	2,993	6.7
281	288	Transco Energy	2,989	7.7
282	250	Santa Fe Pacific	2,978	–5.3
283	287	CBS	2,962	6.6
284	269	CMS Energy	2,961	0.6
285	390	Tyson Foods	2,937	46.8
286	213	Control Data	2,935	–19.1
287	320	Norwest	2,930	18.4
288	317	PaineWebber Group	2,926	16.5
289	278	General Public Utils	2,911	2.7
290	290	Upjohn	2,907	5.6
291	286	Niagara Mohawk Pwr	2,906	3.8
292	299	Universal	2,902	7.3
293	378	Compaq Computer	2,876	39.2
294	306	Pitney Bowes	2,876	8.5
295	298	Carter Hawley Hale	2,864	5.7
296	239	Brunswick	2,826	–13.9
297	277	Safeco	2,808	10.1
298	322	Consol Natural Gas	2,802	13.5
299	304	AMP	2,797	4.8
300	■	Panhandle Eastern	2,781	120.4
301	251	Kemper	2,774	14.4
302	294	General Re	2,771	1.3
303	305	Union Camp	2,761	3.8
304	391	Home Depot	2,759	38.0
305	293	Enserch	2,742	0.1
306	323	GlenFed	2,732	10.9
307	321	Castle & Cooke	2,718	10.1
308	■	Penn Traffic	2,700	128.8
309	338	Phelps Dodge	2,700	16.4
310	356	Browning-Ferris Inds	2,683	23.5
311	336	Nordstrom	2,671	14.7
312	271	Quantum Chemical	2,671	–8.6
313	354	Roadway Services	2,661	21.8
314	313	Rohm & Haas	2,661	5.0
315	367	Harris Corp	2,656	26.2
316	319	Air Prods & Chems	2,654	6.7
317	348	Sovran Financial	2,651	18.9
318	315	Lowe's Cos	2,651	5.3
319	281	Provident Life & Acc	2,639	–1.6
320	256	Wang Laboratories	2,620	–14.8
321	328	Premark Intl	2,592	8.2
322	366	Republic New York	2,575	22.3
323	318	Central & So West	2,549	1.5
324	349	National City	2,547	14.4
325	355	NBD Bancorp	2,542	16.6
326	316	VF	2,533	0.7
327	303	Armstrong World Inds	2,513	–6.3
328	339	Olin	2,509	8.7
329	398	First Bank System	2,500	28.7
330	382	Capital Holding	2,500	22.2
331	341	US Shoe	2,492	9.6
332	335	Berkshire Hathaway	2,484	6.5
333	342	Carolina Power & Lt	2,481	9.1
334	327	Parker Hannifin	2,479	3.4
335	334	Tribune	2,455	5.1

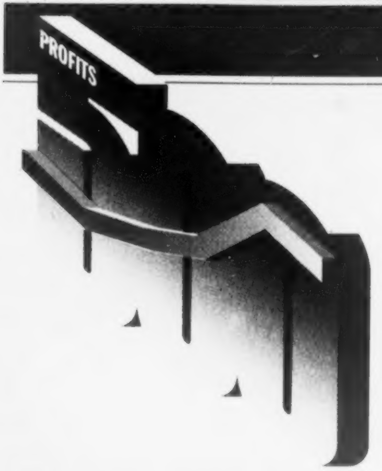
■ Not on 500 list in 1988.

The Forbes Sales 500

Rank		Company	Sales ($mil)	Change over 1988 %
1989	1988			
336	371	Citizens & Southern	2,447	17.1
337	365	Corning	2,439	15.0
338	337	American Family	2,438	4.9
339	386	First Wachovia	2,433	20.5
340	297	Ethyl	2,432	16.2
341	343	Marsh & McLennan	2,428	6.8
342	375	Bear Stearns Cos	2,427	16.8
343	■	Maxxam	2,423	366.7
344	244	Armco	2,423	–24.9
345	358	Hershey Foods	2,421	11.7
346	326	BF Goodrich	2,420	0.1
347	340	Geo A Hormel	2,410	5.3
348	332	Engelhard	2,403	2.2
349	350	Pennsylvania P&L	2,356	6.4
350	362	Long Island Lighting	2,348	9.8
351	333	Baker Hughes	2,341	0.2
352	372	Pennzoil	2,330	11.6
353	296	Aon	2,325	4.1
354	412	Midlantic	2,320	25.6
355	353	Westvaco	2,315	5.8
356	345	Mercantile Stores	2,313	2.1
357	383	Centerior Energy	2,302	13.0
358	259	First Executive	2,288	NA
359	377	Fred Meyer	2,285	10.2
360	379	Bruno's	2,271	10.1
361	346	Valhi	2,269	0.8
362	373	Knight-Ridder	2,268	8.9
363	283	Shawmut National	2,262	8.0
364	357	Allegheny Power	2,258	4.0
365	392	Arkla	2,246	12.5
366	274	ICH	2,239	NA
367	364	American President	2,234	4.8
368	370	Nash Finch	2,224	6.3
369	387	Yellow Freight Sys	2,220	10.1
370	393	Asarco	2,211	11.2
371	374	Northeast Utilities	2,206	6.1
372	380	Manville	2,192	6.3
373	347	USG	2,191	–2.5
374	400	Illinois Tool Works	2,173	12.6
375	404	Morrison Knudsen	2,170	13.6
376	361	Ohio Edison	2,155	0.6
377	■	TJX Cos	2,149	11.9
378	389	Florida Progress	2,129	6.4
379	369	Temple-Inland	2,124	1.2
380	396	Sherwin-Williams	2,123	8.9
381	445	Itel	2,121	29.1
382	395	Dover	2,120	8.5
383	401	Longs Drug Stores	2,111	9.6
384	385	Beverly Enterprises	2,104	3.9
385	418	Amdahl	2,101	16.6
386	421	Tyco Laboratories	2,100	17.2
387	417	Diamond Shamrock	2,091	15.9
388	376	San Diego G&E	2,082	0.3
389	408	Bally Manufacturing	2,069	10.8
390	481	Sun Microsystems	2,062	41.1
391	■	Waban	2,057	24.4
392	475	Great American Mgmt	2,046	36.0
393	473	NIKE	2,040	23.5
394	429	Mapco	2,029	16.8
395	411	Intl Multifoods	2,026	9.7
396	430	Centex	2,019	16.7
397	384	Union Electric	2,010	–0.9
398	419	Louisiana-Pacific	2,010	11.7
399	409	Baltimore G&E	2,004	7.5
400	329	General Cinema	1,991	–9.9
401	388	No States Power	1,990	–0.8
402	405	Stanley Works	1,972	3.3
403	448	Circuit City Stores	1,969	21.6
404	433	Sequa	1,959	14.4
405	397	Freeport-McMoRan	1,958	0.7
406	403	Trinova	1,942	1.2
407	489	Golden West Finl	1,941	37.6
408	426	Geico	1,939	5.9
409	406	GenCorp	1,938	2.5
410	351	UNUM	1,934	15.3
411	439	Hills Dept Stores	1,929	20.2
412	425	General Signal	1,918	9.0
413	413	Crown Cork & Seal	1,910	4.1
414	414	Springs Industries	1,909	4.6
415	410	Polaroid	1,905	2.2
416	■	Readers Digest Assn	1,902	NA
417	462	HomeFed	1,896	20.1
418	432	Willamette Inds	1,892	10.2
419	446	CoreStates Financial	1,888	15.9
420	431	PHH	1,868	8.8
421	424	Cabot	1,863	5.3
422	427	Becton Dickinson	1,834	4.9
423	422	Reebok International	1,822	2.0
424	434	Brown Group	1,821	6.7
425	399	Avnet	1,801	–6.8
426	■	Seagate Technology	1,797	33.0
427	■	Cyprus Minerals	1,790	34.9
428	416	McGraw-Hill	1,789	–1.6
429	450	Dean Foods	1,783	10.6
430	497	Sonat	1,778	27.7
431	435	New York Times	1,769	4.0
432	470	Adolph Coors	1,764	15.9
433	291	Interco	1,759	–24.3
434	■	Comdisco	1,758	32.1
435	368	Mack Trucks	1,751	–16.7
436	■	JWP	1,742	88.3
437	437	Public Service Colo	1,741	3.3
438	460	Avery International	1,732	9.5
439	■	Smith's Food & Drug	1,732	24.3
440	468	WW Grainger	1,727	12.5
441	466	Penn Central	1,725	11.5
442	438	Williams Cos	1,717	2.6
443	359	Burlington Resources	1,715	–20.9
444	447	Super Food Services	1,710	6.6
445	492	Southeast Banking	1,706	21.4
446	494	Spiegel	1,696	21.0
447	449	Automatic Data	1,689	4.5
448	451	Dow Jones	1,688	5.3
449	443	Masco Industries	1,687	2.1
450	486	Tandem Computers	1,677	17.7
451	■	US Bancorp	1,672	21.1
452	459	So N England Telecom	1,671	5.6
453	453	Sonoco Products	1,656	3.5
454	480	Murphy Oil	1,653	12.1
455	■	Union Bank	1,650	109.6
456	491	EG&G	1,650	17.3
457	472	New England Electric	1,643	8.1
458	496	KeyCorp	1,642	17.8
459	314	Natl Semiconductor	1,638	–14.3
460	457	Subaru of America	1,637	3.4
461	440	Torchmark	1,634	–2.2
462	458	Pittston	1,631	3.0
463	441	Square D	1,631	–1.6
464	484	E-Systems	1,626	13.0
465	461	Hanover Insurance	1,622	2.7
466	474	Nicor	1,622	7.4
467	471	Gulf States Utils	1,607	5.7
468	479	Sundstrand	1,595	8.0
469	452	Great American Bank	1,593	–0.5
470	456	Witco	1,588	0.1
471	478	National Service	1,587	7.1
472	■	Gap	1,587	26.7
473	487	Beneficial Corp	1,578	11.3
474	463	Ohio Casualty	1,577	3.5
475	■	Harnischfeger Inds	1,568	25.7
476	■	Henley Group	1,566	60.9
477	■	Bindley Western Inds	1,561	22.4
478	469	Nipsco Industries	1,560	2.3
479	302	Zenith Electronics	1,549	–42.3
480	464	Fleetwood Enterprises	1,543	–1.5
481	■	Arvin Industries	1,541	17.3
482	465	Timken	1,533	–1.4
483	490	Norton	1,531	8.6
484	■	Hannaford Bros	1,521	20.5
485	■	Tecumseh Products	1,510	38.1
486	360	Pinnacle West	1,508	–30.0
487	483	Rose's Stores	1,508	4.7
488	■	Morton International	1,499	12.5
489	■	Lafarge	1,497	14.4
490	■	CBI Industries	1,495	8.7
491	467	Wisconsin Energy	1,493	–3.1
492	■	Wheelabrator Tech	1,493	22.8
493	■	CrossLand Savings	1,486	8.9
494	■	Boatmen's Bancshares	1,476	7.1
495	■	First City Bncp Texas	1,458	NA
496	■	Crane	1,456	10.8
497	488	Bowater	1,450	2.8
498	■	Washington Post	1,444	5.6
499	■	Computer Sciences	1,443	15.1
500	■	Tosco	1,441	26.1

■ Not on 500 list in 1988. NA: Not available.

The Forbes Profits 500



For the first time since 1985, profits of the 500 largest firms are lower than they were a year earlier.

AGGREGATE NET EARNINGS of the 500 most profitable U.S. companies decreased 2.7%, from $187 billion in 1988 to $182 billion in 1989.

This disappointing year was a fitting end to a decade that, while a prosperous one for the stock market, was a letdown for U.S. business. While profits at the biggest firms climbed a nominal 65%, adjusted for inflation they were up only 0.3% from 1979.

Profits virtually flat from 1979? In a decade when the stock market nearly trebled? Does that mean a decade of wrenching plant shutdowns and layoffs was all for naught? Not necessarily. Remember that the decade was accompanied by increased leverage as well. Thus, a somewhat larger fraction of corporate operating earnings are paid out as interest, leaving a smaller fraction for returns to equity capital. A bit of a paradox here. Net profits were stagnant, but operating income probably was not.

Rank 1989	Rank 1988	Company	Net profits ($mil)	Change over 1988 %	Cash flow ($mil)	Cash flow rank 1989
1	4	General Motors	4,224.3	–8.8	11,656	1
2	5	General Electric	3,939.0	16.3	6,195	5
3	2	Ford Motor	3,835.0	–27.6	8,064	3
4	1	IBM	3,758.0	–31.6	9,183	2
5	3	Exxon	2,975.0	–43.4	7,977	4
6	9	Philip Morris Cos	2,946.0	42.7	4,140	10
7	■	American Tel & Tel	2,697.0	D-P	6,063	6
8	6	Dow Chemical	2,487.0	3.2	3,548	15
9	7	EI du Pont de Nemours	2,480.0	13.2	5,010	7
10	18	Texaco	2,413.0	85.0	4,075	12

Our profit figures are net of restructuring charges, which took their toll in 1989. IBM, which was ranked first last time with profits of $5.5 billion, took a $2.4 billion restructuring charge and dropped to fourth place. Writeoffs associated with the *Exxon Valdez* oil spill in Alaska caused Exxon to fall from third to fifth place and show a 43% drop in profits. Large restructurings at Lockheed and McDonnell Douglas knocked these aerospace firms off this year's list.

As they did in 1987, several of the large banks significantly increased their loan loss reserves in 1989. Not only did this put a strain on the Forbes 500 profits, but large losses at Chase Manhattan, Manufacturers Hanover, Chemical Bank and Bankers Trust left them off this year's list. In comparison, the same group of banks added $3.2 billion in profits in 1988.

After taking its lumps in 1988 with a giant writeoff that resulted in a $1.7 billion net loss, AT&T returned to this year's list in the seventh position, with profits of $2.7 billion. Unocal, Centerior Energy and New England Electric also recovered from writeoffs to rejoin the list.

BHC Communications, with profits of $811 million, made the Forbes Profits 500 for the first time, but its appearance is a fluke. This broadcaster was a major shareholder of Warner Communications before the Time-Warner merger. The investment added $774 million in profits to BHC, an event that is unlikely to repeat itself.

Profits fell over 70% at CBS and UAL, but with good reason. Earnings for both firms in 1988 had been boosted by the sale of discontinued operations. CBS sold its record division to Sony, and UAL sold off nonairline assets.

Winners

The leaders in profit rebounds

Rank 1989	Rank 1988	Company	Net profits 1989 ($mil)	Net profits 1988 ($mil)
295	■	Continental Corp	153.1	0.9
46	■	BHC Communications	810.8	15.5
40	■	Pacific G&E	900.6	62.1
415	■	Sun Company	98.0	7.0
192	■	Unocal	260.0	24.0

■ Not on 500 list in 1988. D-P: Deficit to profit.

Losers

The laggards in profit growth

Rank 1989	Rank 1988	Company	Net profits ($mil)	Change over 1988
200	11	Chevron	251.0	–85.8
163	26	CBS	297.1	–74.2
151	29	UAL	324.2	–71.2
89	12	Citicorp	498.0	–70.7
492	202	Fund American Cos	73.3	–70.3

Rank 1989	Rank 1988	Company	Net profits ($mil)	Change over 1988 %	Cash flow ($mil)	Cash flow rank 1989
11	14	Atlantic Richfield	1,953.0	23.4	3,864	14
12	8	Mobil	1,809.0	−13.3	4,311	9
13	33	Coca-Cola	1,723.8	65.0	1,908	29
14	13	BellSouth	1,695.0	1.8	4,561	8
15	10	Amoco	1,610.0	−22.0	4,110	11
16	38	Sears, Roebuck	1,508.5	65.9	2,170	25
17	23	Merck	1,495.4	23.9	1,717	32
18	129	Paramount Commun	1,417.4	264.2	2,141	26
19	20	GTE	1,417.3	15.7	4,039	13
20	28	Procter & Gamble	1,395.0	23.7	2,207	24
21	21	American Intl Group	1,367.5	13.1	1,510	39
22	25	Minn Mining & Mfg	1,244.0	7.8	2,005	27
23	24	Pacific Telesis	1,242.0	4.5	3,084	18
24	19	Ameritech	1,238.2	0.1	3,035	19
25	34	American Express	1,157.0	11.4	1,157	68
26	27	US West	1,110.7	−1.9	2,823	21
27	37	American Home Prods	1,102.2	10.7	1,270	54
28	30	Southwestern Bell	1,092.8	3.1	2,984	20
29	36	Johnson & Johnson	1,082.0	11.1	1,496	40
30	42	Wal-Mart Stores	1,075.9	28.5	1,345	46
31	16	Bell Atlantic	1,074.5	−18.4	3,494	16
32	55	USX	965.0	27.6	2,301	23
33	407	General Cinema	947.5	500.0+	1,000	81
34	40	Alcoa	944.9	9.7	1,601	38
35	54	Eli Lilly	939.5	23.5	1,169	64
36	47	ITT	922.0	12.9	1,407	43
36	45	Westinghouse	922.0	12.1	1,289	53
38	39	Loews	907.1	−0.1	1,014	80
39	52	PepsiCo	901.4	18.3	1,673	34
40	■	Pacific G&E	900.6	500.0+	1,994	28
41	22	Digital Equipment	875.8	−27.6	1,620	37
42	56	International Paper	864.0	14.6	1,423	42
43	58	Abbott Laboratories	859.8	14.3	1,167	66
44	41	Southern Company	846.0	0.0	1,801	31
45	84	BankAmerica	820.0	49.9	1,043	78
46	■	BHC Commun	810.8	500.0+	943	86
47	43	Hewlett-Packard	809.0	−2.5	1,317	51
48	17	Nynex	807.6	−38.6	3,125	17
49	90	Federal Natl Mortgage	807.3	59.3	807	103
50	48	JC Penney	802.0	−0.6	1,077	73
51	71	Texas Utilities	779.1	21.2	1,051	76
52	53	SCEcorp	778.2	2.2	1,625	36
53	62	Anheuser-Busch Cos	767.2	7.2	1,178	61
54	■	Bristol-Myers Squibb	747.0	−40.5	943	87
55	72	Security Pacific	740.6	15.9	857	96
56	81	Walt Disney	729.4	28.0	1,211	59
57	69	McDonald's	726.7	12.5	1,165	67
58	51	Rockwell Intl	720.7	−7.5	1,332	47
59	131	Xerox	704.0	81.5	1,469	41
60	66	United Technologies	702.1	6.5	1,322	50
61	61	Commonwealth Ed	693.7	−5.9	1,656	35
62	50	Pfizer	681.1	−13.9	888	93
63	79	Monsanto	679.0	14.9	1,369	45
64	77	Boeing	675.0	9.9	1,302	52
65	101	Georgia-Pacific	661.0	41.5	1,175	63
66	63	Aetna Life & Cas	639.4	−8.5	777	107
67	80	American Brands	630.8	8.8	837	98
68	74	American Electric	628.9	0.3	1,126	71
69	73	Norfolk Southern	606.2	−4.5	953	84
70	78	Consolidated Edison	606.1	1.1	931	88
71	■	Honeywell	604.1	D-P	899	92
72	142	MCI Communications	603.0	69.4	1,258	56
73	94	Wells Fargo	601.1	17.3	755	113
74	97	General Re	598.5	24.7	599	134
75	70	Union Pacific	595.0	−7.6	1,198	60
76	85	Emerson Electric	593.1	9.7	825	99
77	82	Philadelphia Elec	590.4	4.3	909	89
78	92	Dun & Bradstreet	586.4	17.5	868	95
79	46	Tenneco	584.0	−29.0	1,081	72
80	65	Union Carbide	573.0	−13.4	1,071	74
81	108	Duke Power	571.6	27.6	1,177	62
82	102	Waste Management	562.1	21.1	957	83
83	99	Cigna	562.0	26.3	562	150
84	87	Pub Svc Enterprise	542.1	2.6	1,140	70
85	95	Reynolds Metals	532.7	10.5	733	116
86	15	Eastman Kodak	529.0	−62.1	1,855	30
87	93	Raytheon	528.8	8.0	810	102
88	104	Allied-Signal	528.0	14.0	952	85
89	12	Citicorp	498.0	−70.7	1,243	57
89	86	May Dept Stores	498.0	−6.7	767	110
89	111	Motorola	498.0	11.9	1,148	69
92	76	Caterpillar	497.0	−19.3	968	82
93	117	HJ Heinz	486.3	14.5	653	125
94	132	Capital Cities/ABC	485.7	25.5	643	126
95	140	Archer Daniels	482.3	32.4	719	119
96	358	Amerada Hess	476.3	283.5	1,022	79
97	150	Delta Air Lines	473.2	37.3	902	90
98	128	Schering-Plough	471.3	20.9	583	139
99	186	Salomon	470.0	67.9	549	152
100	110	PacifiCorp	465.6	4.2	1,047	77
101	100	PPG Industries	465.2	−0.5	775	109
102	113	American General	464.0	5.0	464	183
103	■	Burlington Resources	458.1	500.0+	719	118
104	98	AMR	454.8	−4.6	1,067	75
105	313	CSX	452.0	207.5	899	91
106	124	Berkshire Hathaway	447.5	12.1	480	178
107	199	NCNB	447.1	77.1	578	140
108	130	Baxter International	446.0	14.9	814	101
109	353	Centel	443.8	251.5	643	127
110	125	Morgan Stanley	443.0	12.3	484	176
111	136	Sara Lee	440.8	17.0	783	106
112	121	Apple Computer	438.4	4.5	563	148
113	106	Champion Intl	432.4	−5.3	711	120
114	■	Detroit Edison	426.0	D-P	755	112
115	412	Travelers	424.0	500.0+	519	161
116	135	Kimberly-Clark	423.8	11.9	635	129
117	96	Kellogg	422.1	−12.1	590	135
118	141	Chubb	420.8	17.0	445	190
119	119	Houston Industries	413.5	4.6	807	104
120	153	Warner-Lambert	412.7	21.3	518	163

■ Not on 500 list in 1988 D-P: Deficit to profit.

The Forbes Profits 500

Rank 1989	Rank 1988	Company	Net profits ($mil)	Change over 1988 %	Cash flow ($mil)	Cash flow rank 1989
121	114	NCR	412.0	–6.2	708	121
122	115	Dominion Resources	410.7	–6.3	879	94
123	109	FPL Group	410.4	–8.3	1,169	65
124	194	Deere & Co	410.4	53.4	607	133
125	183	Dayton Hudson	410.0	42.9	725	117
126	146	St Paul Cos	398.2	12.9	450	187
127	143	Melville	398.1	12.3	504	168
128	139	Gannett	397.5	9.1	588	136
129	107	Intel	391.0	–13.7	641	128
130	112	PNC Financial	377.4	–14.7	448	188
131	256	Carolina Power & Lt	376.1	91.1	753	114
132	123	Scott Paper	375.5	–6.3	682	122
133	■	Lyondell Petrochem	374.0	–31.1	395	207
134	155	Fleet/Norstar Finl	371.3	10.6	495	175
135	89	United Telecom	362.9	–28.7	1,325	49
136	234	Ohio Edison	361.0	64.9	634	130
137	60	AMAX	360.4	–51.4	587	138
138	32	Chrysler	359.0	–65.8	1,700	33
139	88	First Chicago	358.7	–30.1	498	172
140	156	Pennsylvania P&L	353.4	6.4	656	123
141	105	Ralston Purina	350.1	–23.6	576	142
142	154	Banc One	348.2	2.4	410	199
143	204	Limited	346.9	41.5	512	166
144	90	General Mills	341.7	–32.1	506	167
145	83	Weyerhaeuser	341.1	–39.6	822	100
146	168	SunTrust Banks	337.3	9.3	425	196
147	198	Compaq Computer	333.3	30.6	405	201
148	149	Transamerica	332.2	11.1	543	154
149	182	Woolworth	329.0	14.2	533	157
150	179	CPC International	327.5	13.3	543	155
151	29	UAL	324.2	–71.2	841	97
152	49	K mart	322.7	–59.8	790	105
153	193	Toys "R" Us	321.1	19.8	387	209
154	223	Dow Jones	317.0	38.9	475	180
155	189	CMS Energy	312.1	14.9	587	137
156	230	Kemper	307.4	39.3	307	260
157	161	Martin Marietta	306.9	–4.0	514	165
158	158	Central & So West	306.0	–5.6	611	132
159	160	Tandy	303.9	–4.1	387	210
160	191	Safeco	300.2	11.8	333	242
161	175	Union Camp	299.4	1.4	515	164
162	157	Times Mirror	298.0	–10.2	519	162
163	26	CBS	297.1	–74.2	361	227
164	174	Marsh & McLennan Cos	294.9	–0.5	384	212
165	134	General Dynamics	293.1	–22.7	654	124
166	170	American Cyanamid	292.0	–4.5	525	159
167	138	Texas Instruments	291.7	–20.4	745	115
168	297	Primerica	289.0	78.6	289	274
169	187	Contel	287.0	3.9	776	108
170	216	Humana	286.8	20.0	500	171
171	151	Stone Container	285.8	–16.4	523	160
172	177	Union Electric	285.6	–2.0	569	146
173	192	Gillette	284.7	6.0	434	193
174	184	General Public Utils	282.5	–0.5	632	131
175	162	AMP	280.9	–12.0	461	184
176	163	Colgate-Palmolive	280.0	–11.9	377	219
177	171	Baltimore G&E	276.3	–8.9	447	189
178	262	Capital Holding	275.7	45.2	300	267
179	212	Browning-Ferris Inds	269.4	14.3	536	156
180	207	Sovran Financial	269.2	10.7	347	233
181	205	First Wachovia	269.0	10.1	321	247
182	314	Lincoln National	268.9	78.2	309	258
183	188	Textron	268.7	–1.2	483	177
184	229	Cooper Industries	267.8	19.3	457	186
185	178	Boise Cascade	267.6	–7.5	470	181
186	120	Phelps Dodge	267.0	–36.5	400	203
187	■	Centerior Energy	266.9	D-P	548	153
188	285	New York Times	266.6	59.0	366	223
189	■	LTV	264.9	D-P	497	174
190	214	National City	263.3	12.9	317	250
191	195	TRW	263.0	0.9	303	264
192	■	Unocal	260.0	500.0+	1,264	55
193	176	Corning	259.4	–11.3	431	194
194	225	NBD Bancorp	258.8	13.9	313	254
195	228	Student Loan	257.6	14.5	258	293
196	227	Barnett Banks	256.7	13.3	352	231
197	173	First Union	256.2	–13.7	367	222
198	165	Occidental Petroleum	256.0	–18.2	1,382	44
199	222	WR Grace	253.2	10.7	571	144
200	11	Chevron	251.0	–85.8	2,813	22
201	283	Cyprus Minerals	250.1	47.1	348	232
202	133	Quantum Chemical	247.4	–35.4	399	205
203	304	Knight-Ridder	247.2	58.1	355	228
204	127	Bethlehem Steel	245.7	–37.3	571	145
205	282	MNC Financial	245.1	43.9	308	259
206	209	James River Corp Va	245.0	2.2	532	158
207	247	Burlington Northern	243.0	56.0	553	151
208	242	Tribune	242.4	15.2	371	220
209	277	Paccar	241.9	37.6	295	272
210	226	Cincinnati G&E	239.7	5.7	330	243
211	203	Household Intl	239.5	–2.9	400	204
212	248	Citizens & Southern	238.0	15.4	292	273
213	240	Norwest	237.0	12.2	296	269
214	271	Aon	232.4	29.4	289	275
215	246	Asarco	231.2	11.5	296	270
216	341	Enron	226.1	73.7	577	141
217	220	Eaton	224.9	–2.2	364	224
218	280	ConAgra	223.5	25.1	339	236
219	235	No States Power	222.0	3.3	501	169
220	249	RR Donnelley & Sons	221.9	8.1	389	208
221	181	Masco	220.9	–23.4	310	257
222	239	Westvaco	220.9	4.5	380	216
223	218	Ethyl	219.5	13.0	301	265
224	67	Phillips Petroleum	219.0	–66.3	1,325	48
225	145	Mead	215.8	–38.8	437	192
226	241	Potomac Electric	214.6	1.7	334	240
227	288	Becton Dickinson	213.7	29.4	336	238
228	264	Geico	213.1	12.7	224	324
229	323	NIKE	212.2	31.7	229	317
230	269	Torchmark	211.3	17.3	229	318

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The Forbes Profits 500

Rank		Company	Net profits ($mil)	Change over 1988 %	Cash flow ($mil)	Cash flow rank 1989
1989	1988					
231	232	Pacific Enterprises	211.0	–5.0	563	149
232	311	Microsoft	210.5	39.1	244	307
233	233	Air Prods & Chems	210.4	–4.1	498	173
234	■	GenCorp	210.0	213.4	282	279
235	254	Temple-Inland	207.4	4.1	336	237
236	231	Midlantic	206.3	–7.5	253	299
237	319	Federal Paper Board	205.5	43.4	275	283
238	213	Northeast Utilities	203.2	–9.6	401	202
239	332	Alexander & Baldwin	202.7	50.0	257	294
240	298	Ingersoll-Rand	202.2	25.1	283	278
241	267	Genuine Parts	199.5	10.0	224	322
242	272	CoreStates Financial	198.7	10.7	253	298
243	190	Washington Post	197.9	–26.5	284	277
244	196	Quaker Oats	197.7	–21.4	342	235
245	436	Manville	196.8	105.1	311	255
246	294	Albertson's	196.6	20.9	305	262
247	276	Automatic Data	196.2	10.1	314	253
248	250	Allegheny Power	194.9	–5.0	367	221
249	266	Wisconsin Energy	194.0	5.9	336	239
250	252	HF Ahmanson	193.9	–4.4	316	252
251	257	Carnival Cruise Lines	193.6	–1.4	260	292
252	331	Louisiana-Pacific	192.6	42.5	334	241
253	258	Georgia Gulf	192.0	–0.8	211	336
254	290	MCA	191.8	16.3	1,216	58
255	299	Willamette Inds	191.1	18.6	295	271
256	244	Whitman	190.7	7.9	311	256
257	296	UST Inc	190.5	17.5	207	339
258	147	Goodyear	189.4	–45.9	573	143
259	306	So N England Telecom	189.1	21.7	421	197
260	293	Armstrong World Inds	187.6	15.3	322	246
261	441	Whirlpool	187.2	98.9	409	200
262	263	San Diego G&E	187.1	–1.2	364	225
263	270	Florida Progress	187.1	4.1	383	213
264	206	Pitney Bowes	186.7	–23.3	381	215
265	261	Consol Natural Gas	181.8	–5.8	457	185
266	■	Mellon Bank	181.0	D-P	277	282
267	279	Litton Industries	179.4	3.8	385	211
268	445	Michigan National	178.9	92.1	227	320
269	215	Marriott	177.0	–23.7	363	226
270	219	Rohm & Haas	176.4	–23.3	326	245
271	144	Upjohn	176.0	–50.2	297	268
272	278	VF	176.0	1.4	267	288
273	328	Reebok International	175.0	27.7	203	347
274	411	Penn Central	174.1	68.4	227	319
275	390	Union Texas Petrol	172.6	57.9	327	244
276	260	BF Goodrich	172.4	–10.7	271	287
277	255	Owens-Corning	172.0	–12.7	346	234
278	236	Hershey Foods	171.1	–20.0	237	310
279	■	Readers Digest Assn	170.7	NA	207	340
280	302	Coastal Corp	170.1	8.1	439	191
281	312	Consolidated Papers	167.9	12.0	219	331
282	418	Armco	165.0	62.9	222	326
283	386	Liz Claiborne	164.6	49.2	180	369
284	310	National Medical	164.0	7.6	353	230
285	322	Illinois Tool Works	163.8	17.0	249	302
286	330	Dresser Industries	161.2	18.8	254	297
287	■	First Fidelity Bncp	159.5	370.4	205	344
288	334	Walgreen	158.2	17.2	224	323
289	325	Golden West Finl	157.9	14.2	186	363
290	281	NY State E&G	157.8	–8.0	306	261
291	344	FMC	156.7	21.3	355	229
292	387	Kerr-McGee	156.0	41.8	469	182
293	335	UNUM	155.4	17.7	155	400
294	355	Alltel	153.9	23.1	319	248
295	■	Continental Corp	153.1	500.0+	202	349
296	237	Amdahl	153.0	–28.5	278	281
297	318	Deluxe	152.6	6.5	220	328
298	245	Niagara Mohawk Power	150.8	–27.8	382	214
299	360	US Bancorp	150.8	21.7	174	378
300	126	Teledyne	150.3	–23.7	248	303
301	167	Freeport-McMoRan	149.9	–51.7	421	198
302	356	Public Service Colo	148.8	19.1	265	290
303	377	Dillard Dept Stores	148.1	30.1	234	313
304	169	Consolidated Rail	148.0	–51.6	430	195
305	449	Provident Life & Acc	148.0	65.2	186	366
306	450	Dreyfus	147.9	62.7	152	409
307	164	Continental Bank	147.3	–53.4	167	383
308	351	Great A&P Tea	146.7	15.0	318	249
309	348	Winn-Dixie Stores	146.6	14.2	274	284
310	320	Computer Associates	145.8	2.4	255	295
311	369	Columbia Gas System	145.8	22.5	380	217
312	■	Polaroid	145.0	D-P	232	315
313	292	Bowater	144.6	–12.0	251	300
314	315	Dover	144.0	–1.2	223	325
315	343	Super Valu Stores	141.6	9.4	271	286
316	253	Bear Stearns Cos	139.8	–29.8	140	424
317	381	Food Lion	139.8	24.2	205	342
318	■	Union Bank	138.9	130.7	161	393
319	■	New England Electric	138.7	D-P	397	206
320	347	Intl Flavors & Frags	138.6	7.7	163	390
321	419	Jefferson-Pilot	137.7	36.1	151	410
322	410	Nipsco Industries	137.3	11.7	303	263
323	368	KeyCorp	136.9	14.2	176	373
324	382	Potlatch	136.7	21.7	214	333
325	357	DPL	136.4	9.4	198	352
326	■	McCormick & Co	135.5	273.6	170	381
327	365	TECO Energy	133.8	11.0	246	305
328	394	Allegheny Ludlum	133.8	23.2	155	401
329	471	Halliburton	133.7	58.0	378	218
330	295	Dana	132.1	–18.6	301	266
331	301	Maytag	131.5	–17.1	200	351
332	■	Viacom	131.1	D-P	267	289
333	317	Mercantile Stores	130.3	–9.8	185	367
334	324	Clorox	130.2	–6.0	175	376
335	326	Oklahoma G&E	129.4	–6.1	231	316
336	329	Vulcan Materials	129.4	–4.9	220	327
337	■	Boatmen's Bancshares	129.2	85.2	161	392
338	273	Wheeling-Pittsburgh	128.8	–28.0	176	374
339	275	Newmont Mining	125.9	–28.0	195	354
340	375	PSI Holdings	125.2	26.3	219	330

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The Forbes Profits 500

Rank 1989	Rank 1988	Company	Net profits ($mil)	Change over 1988 %	Cash flow ($mil)	Cash flow rank 1989
341	402	Southwestern Pub Svc	124.9	19.0	181	368
342	426	Olin	124.0	26.5	246	304
343	309	Signet Banking	123.3	–19.1	151	412
344	413	Great Lakes Chemical	122.9	19.0	165	388
345	454	First of America Bank	122.9	14.9	155	402
346	364	Scana	122.6	1.6	245	306
347	397	Price Co	122.5	19.2	145	418
348	401	Beneficial Corp	120.9	15.1	166	385
349	■	Sundstrand	120.8	D-P	217	332
350	399	Nalco Chemical	119.9	13.2	165	386
351	398	Nicor	119.9	13.0	226	321
352	200	Inland Steel Inds	119.7	–51.9	251	301
353	432	Sysco	119.6	23.5	200	350
354	393	WW Grainger	119.6	9.9	153	406
355	338	American Petrofina	119.1	–10.4	287	276
356	376	UJB Financial	118.5	2.1	126	456
357	425	American Stores	118.1	20.2	479	179
358	416	Tandem Computers	117.8	15.3	232	314
359	349	Puget Sound P&L	117.7	–8.2	220	329
360	409	Stanley Works	117.7	13.7	188	361
361	■	Maxxam	116.8	500.0+	208	337
362	217	USF&G	116.7	–49.6	195	355
363	422	Rubbermaid	116.4	17.2	179	371
364	374	Mapco	116.2	–0.8	187	362
365	307	GlenFed	116.0	–24.6	175	377
366	408	Ameritrust	115.9	12.0	144	419
367	385	HomeFed	115.7	3.9	151	411
368	■	Fluor	115.1	66.8	204	345
369	362	Nordstrom	114.9	–6.8	186	365
370	346	Cincinnati Financial	114.5	–11.1	122	461
371	429	Bausch & Lomb	114.4	16.8	167	384
372	243	Federal Express	113.6	–37.0	566	147
373	391	Northern Trust	113.2	3.6	135	436
374	327	DQE	113.0	–4.7	263	291
375	■	Transco Energy	112.5	D-P	317	251
376	■	First City Bncp Texas	112.2	NA	135	437
377	499	Home Depot	112.0	45.9	133	438
378	359	IMC Fertilizer Group	110.7	–10.7	213	334
379	287	Alco Standard	110.3	–33.7	165	387
380	340	Hilton Hotels	110.1	–15.9	191	358
381	421	Society	110.0	10.0	139	427
382	435	Comdisco	110.0	14.6	762	111
383	470	Sonat	109.0	28.7	272	285
384	420	Sherwin-Williams	108.9	7.8	153	404
385	444	Greyhound Dial	108.7	16.5	211	335
386	400	Kansas City P&L	108.6	2.8	205	343
387	428	Giant Food	108.4	10.6	179	370
388	475	Fifth Third Bancorp	108.3	28.7	119	467
389	458	Huntington Bcshs	108.0	23.3	138	430
390	434	Manufacturers Natl	107.3	11.5	128	445
391	452	H&R Block	107.2	18.9	135	435
392	395	Parker Hannifin	106.4	–1.9	207	338
393	460	Wm Wrigley Jr	106.1	21.7	131	442
394	430	McKesson	105.8	8.3	175	375
395	■	Seagate Technology	104.7	D-P	190	359

Rank 1989	Rank 1988	Company	Net profits ($mil)	Change over 1988 %	Cash flow ($mil)	Cash flow rank 1989
396	378	Snap-on Tools	104.7	–7.6	127	450
397	485	Tyco Laboratories	104.7	27.7	163	389
398	■	Harcourt Brace	104.4	D-P	255	296
399	447	State Street Boston	104.0	12.7	124	458
400	461	Crestar Financial	103.8	19.8	139	426
401	476	Tyson Foods	103.7	24.2	197	353
402	433	Sonoco Products	103.6	7.6	171	380
403	■	Pennzoil	103.5	D-P	281	280
404	437	Rite Aid	103.2	8.3	186	364
405	438	Medtronic	103.1	8.6	149	415
406	361	Vista Chemical	102.8	–16.9	140	423
407	448	MBIA	102.3	11.2	107	477
408	487	Valhi	102.3	26.8	204	346
409	370	Square D	101.9	–14.3	153	405
410	350	Ohio Casualty	101.5	–20.7	108	475
411	440	American Natl Ins	101.4	7.6	113	470
412	201	Gt Western Financial	100.1	–59.7	158	396
413	442	Lafarge	100.0	7.0	178	372
414	■	Old Republic Intl	99.0	94.4	133	439
415	■	Sun Company	98.0	500.0+	500	170
416	473	General Instrument	97.9	16.1	195	356
417	■	Oracle Systems	97.7	73.4	130	443
418	■	Gap	97.6	31.5	141	422
419	451	National Service	96.8	7.4	133	440
420	459	AmBase	96.0	10.3	96	483
421	489	Roadway Services	95.5	19.0	236	311
422	424	Ipalco Enterprises	95.5	–3.6	170	382
423	404	Johnson Controls	95.0	–9.2	242	308
424	383	Castle & Cooke	94.9	–15.5	153	406
425	472	Cincinnati Bell	94.4	11.9	205	341
426	443	Crown Cork & Seal	94.2	0.8	156	397
427	478	Dominion Bankshares	94.1	13.3	126	454
428	339	Lubrizol	94.0	–28.4	148	416
429	481	PH Glatfelter	92.9	12.9	120	466
430	■	Gerber Products	92.6	64.8	127	449
431	■	Baker Hughes	92.6	59.3	202	348
432	■	Morton International	92.4	–25.5	162	391
433	■	Hasbro	92.2	27.3	152	408
434	464	Meridian Bancorp	91.5	6.3	115	469
435	469	Delmarva Power & Lt	91.3	7.8	173	379
436	■	20th Century Inds	91.0	55.5	106	478
437	■	EW Scripps	89.3	27.5	238	309
438	303	Cray Research	89.0	–43.1	191	357
439	■	Minnesota Power & Lt	88.9	21.9	125	457
440	■	Citizens Utilities	88.7	14.6	123	459
441	388	Firstar	87.2	–20.7	108	473
442	477	MA Hanna	86.9	4.4	126	452
443	■	TJX Cos	86.8	57.3	129	444
444	495	Avery International	86.5	11.3	137	432
445	■	Rorer Group	86.5	39.8	150	413
446	479	Weis Markets	86.4	4.6	108	472
447	467	Norton	85.8	0.7	137	433
448	■	Marshall & Ilsley	85.4	12.1	97	482
449	497	Old Kent Financial	85.4	10.7	96	485
450	■	Newell Co	85.4	39.0	126	455

■ Not on 500 list in 1988. D-P: Deficit to profit. NA: Not available.

The Forbes Profits 500

Rank 1989	Rank 1988	Company	Net profits ($mil)	Change over 1988 %	Cash flow ($mil)	Cash flow rank 1989
451	480	Peoples Energy	84.9	2.8	136	434
452	■	Idaho Power	84.7	72.7	138	429
453	■	E-Systems	83.0	11.3	121	462
454	367	Hanover Insurance	82.8	–30.9	83	496
455	■	Tecumseh Products	82.6	17.7	127	451
456	■	Public Service NM	82.6	D-P	155	403
457	335	CalFed	82.4	–38.9	234	312
458	■	Franklin Resources	82.4	20.2	86	493
459	492	Kentucky Utilities	82.3	3.7	137	431
460	483	Intl Minerals & Chem	81.8	–0.4	155	399
461	417	Argonaut Group	81.6	–19.8	107	476
462	■	Kaufman & Broad Home	81.4	69.4	86	494
463	■	SPX	81.3	81.1	101	480
464	■	Atlantic Energy	81.0	12.2	139	425
465	392	American Family	80.8	–25.8	81	498
466	■	Southeast Banking	80.5	6.8	118	468
467	■	USLife	80.3	16.6	90	491
468	■	Fleming Cos	80.1	22.5	158	395
469	■	Bancorp Hawaii	79.9	6.6	94	487
470	■	Mattel	79.6	121.7	122	460
471	456	Intergraph	79.5	–9.6	128	446
472	■	Hubbell	79.4	11.3	96	484
473	■	General Signal	78.5	211.3	142	421
474	363	Premark Intl	78.4	–35.3	158	394
475	■	King World Prods	78.3	18.0	92	490
476	466	Loral	78.2	–8.3	142	420
477	■	CalMat	78.1	38.5	121	463
478	396	Progressive	78.0	–27.8	95	486
479	321	Brown-Forman	77.7	–45.4	109	471
480	384	Comerica	77.6	–30.7	100	481
481	■	Hartford Steam Boiler	77.6	9.8	90	492
482	488	Pioneer Hi-Bred Intl	77.0	–4.5	127	448
483	468	Louisville G&E	76.1	–10.5	131	441
484	■	Bandag	75.9	8.8	93	489
485	■	Circus Circus	75.1	3.6	108	474
486	■	Hillenbrand Inds	75.0	7.5	156	398
487	■	Lowe's Cos	74.9	8.3	121	464
488	■	Montana Power	74.4	3.5	139	428
489	■	Micron Technology	74.0	–39.2	121	465
490	■	Enserch	73.4	D-P	189	360
491	■	Spiegel	73.3	28.7	104	479
492	202	Fund American Cos	73.3	–70.3	73	500
493	491	Kansas Power & Light	72.8	–8.8	146	417
494	■	SouthTrust	72.8	7.7	84	495
495	■	Premier Industrial	72.5	6.2	79	499
496	■	Circuit City Stores	72.4	15.0	93	488
497	■	Washington Water	72.1	1.0	127	447
498	■	Fruit of the Loom	72.0	–1.4	149	414
499	■	Service Merchandise	72.0	–5.9	126	453
500	■	Community Psych	72.0	22.9	82	497

■ Not on 500 list in 1988. D-P: Deficit to profit.

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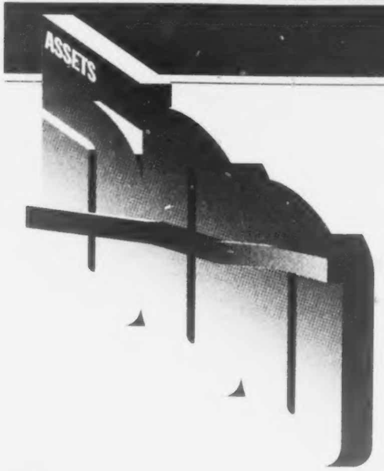
One word says it all.
FERRARI

The Forbes Assets 500



The 500 largest companies added to their asset base in 1989, but at a slower pace. Total assets rose 6%, to $7 trillion.

With profits declining $5 billion for America's most profitable corporations, it is not surprising that large companies also took a conservative approach toward expansion. Assets of the 500 largest U.S. companies measured by this yardstick increased only 6% in 1989, down from a 10% growth rate the year before. The 1989 increase might have been smaller were it not for the sharp reduction in leveraged buyouts. Securities Data Co. reports that LBO volume fell 58% in 1989, to $76 billion. The number of buyouts worth $10 million or more dropped from 237 in 1988 to 166 in 1989. The largest company to go private and be dropped from this year's table, American Medical International, had assets of $3.3 billion.

Rank 1989	Rank 1988	Company	Assets ($mil)	Change over 1988 %
1	1	Citicorp	230,643	11.1
2	2	General Motors	172,899	5.5
3	3	Ford Motor	160,695	12.3
4	4	American Express	130,855	–8.3
5	6	General Electric	128,344	15.8

There were few new entrants to the list. You have to go more than halfway down the Assets table to find the first genuinely new entry, Stone Container, ranked 259. Assets at Stone Container jumped 161%, to $6.2 billion, thanks to its acquisition of Consolidated Bathurst. Although we don't show a 1988 ranking for Bristol-Myers Squibb (ranked 200 this year), this company was formed by the merger of two firms (Bristol-Myers and Squibb) that were on our previous listing.

Citicorp remains on top of the heap with assets of $231 billion, an 11% increase over last year. General Motors follows with assets of nearly $173 billion while third-ranked Ford Motor, thanks to its $3 billion acquisition of Jaguar, continues to close in on GM. Last year assets rose 12% at Ford versus less than 6% at General Motors. By purchasing stricken Texas thrifts, NCNB, the Charlotte, N.C.-based bank, climbed into the ranks of the 25 corporations with the most assets.

The acquisition of Emhart helped Black & Decker more than triple its assets to $6.1 billion. Temple-Inland, Panhandle Eastern and Federal Express also boosted their assets through acquisitions. General Cinema, which raised $1.8 billion in cash by selling its soft drink bottling business to PepsiCo, increased its assets by 45%, to $2.9 billion. And Apple Computer, which registered a 24% increase in assets, climbed into the Assets table for the first time.

Of course, having the most property, plant, equipment and inventory doesn't mean very much unless these are used efficiently. Wang Laboratories, for example, was dropped from this year's list. It lost $424 million and shed $505 million in assets.

Many of the biggest losers were savings and loans. Imperial Corp. of America, Empire of America, CityFed Financial and Atlantic Financial are all in receivership and were dropped. Assets fell 18% at Harcourt Brace, which recently sold its theme parks to Anheuser-Busch. The company is trying to chop away at the mountain of debt it piled up in 1987 when it restructured and paid shareholders $40 in cash and preferred stock. Phelps Dodge is still quite profitable but unloaded some mines and facilities. As a result, Phelps Dodge didn't make the $2.6 billion cutoff for the table below. Phelps Dodge still qualified for our lists on sales (page 230), profits (page 236) and market value (page 258).

Winners

The winners in asset growth

Rank 1989	Rank 1988	Company	Assets ($mil)	Change over 1988 %
317	■	First Financial Management	4,941	500.0+
71	319	Time Warner	24,791	404.6
262	■	Black & Decker	6,176	220.2
369	■	UA Entertainment	4,119	176.9
259	■	Stone Container	6,254	161.1

■ Not on 500 list in 1988.

Losers

The laggards in asset growth

Rank 1989	Rank 1988	Company	Assets ($mil)	Change over 1988 %
470	277	Homestead Financial	3,020	–47.5
298	198	Northeast Savings FA	5,402	–34.2
128	92	Meritor Savings Bank	12,640	–26.4
424	344	SFFed Corp	3,386	–24.7
375	333	Seamen's	4,024	–18.9

Rank		Company	Assets ($mil)	Change over 1988 %
1989	1988			
6	5	Fedl Natl Mortgage	124,315	10.7
7	9	Salomon	118,250	38.7
8	7	Chase Manhattan	107,369	10.2
9	8	BankAmerica	98,764	4.3
10	10	JP Morgan & Co	88,964	6.0
11	11	Aetna Life & Cas	87,099	7.0
12	12	Sears, Roebuck	86,972	11.6
13	13	Security Pacific	83,943	7.8
14	14	Exxon	83,219	12.0
15	15	IBM	77,734	6.4
16	16	Chemical Banking	71,513	6.2
17	46	NCNB	66,191	121.8
18	18	Merrill Lynch	63,942	–0.7
19	17	Mfrs Hanover	60,479	–9.3
20	19	First Interstate Bncp	59,051	1.5
21	21	Cigna	57,779	3.5
22	22	Travelers	56,563	6.1
23	20	Bankers Trust NY	55,658	–3.9
24	29	Morgan Stanley	53,276	33.0
25	23	Chrysler	51,038	5.1
26	24	Bank of New York	48,856	3.1
27	25	Wells Fargo	48,737	4.5
28	26	First Chicago	47,907	7.8
29	33	American Intl Group	46,143	23.3
30	28	PNC Financial	45,661	11.9
31	27	ITT	45,503	8.5
32	30	HF Ahmanson	44,652	10.9
33	35	Bank of Boston	39,178	8.6
34	31	Mobil	39,080	0.7
35	34	Philip Morris Cos	38,528	4.2
36	36	American Tel & Tel	37,687	7.2
37	38	Gt Western Financial	37,176	13.3
38	32	Bear Stearns Cos	35,788	–5.6
39	51	Student Loan	35,488	24.0
40	42	EI du Pont	34,715	13.0
41	37	Chevron	33,884	–0.2
42	49	Fleet/Norstar Finl	33,441	15.1
43	58	Loews	32,451	25.6
44	50	First Union	32,131	10.9
45	44	American General	32,062	5.4
46	41	GTE	31,986	2.8
47	40	Mellon Bank	31,467	1.0
48	48	SunTrust Banks	31,044	6.4
49	47	First Fidelity Bncp	30,728	3.2
50	45	Amoco	30,430	1.7
51	56	Xerox	30,088	13.8
52	52	BellSouth	30,050	5.5
53	55	Transamerica	29,840	10.7
54	39	Bk of New England	29,773	–7.5
55	43	Continental Bank	29,549	–3.4
56	59	Barnett Banks	29,007	12.7
57	53	Shawmut National	27,912	–1.8
58	61	Banc One	26,552	5.1
59	63	Bell Atlantic	26,220	6.0
60	54	CalFed	26,191	–4.7
61	78	Household Intl	26,163	24.4
62	60	Nynex	25,910	2.2
63	66	NBD Bancorp	25,771	6.6
64	57	Texaco	25,636	–2.7
65	88	MNC Financial	25,536	41.7
66	64	Republic New York	25,467	3.9
67	68	Sovran Financial	25,442	13.2
68	69	US West	25,426	13.4
69	62	GlenFed	25,259	0.9
70	80	Lincoln National	25,070	18.2
71	319	Time Warner	24,791	404.6
72	72	Norwest	24,335	11.9
73	71	First Wachovia	24,050	10.2
74	83	Midlantic	23,666	20.1
75	67	Eastman Kodak	23,648	3.0
76	76	Citizens & Southern	23,313	10.5
77	73	National City	22,972	6.2
78	70	Southern Company	22,845	2.5
79	74	Atlantic Richfield	22,261	3.5
80	97	Dow Chemical	22,166	36.5
81	89	PaineWebber Group	22,096	23.2
82	77	Pacific G&E	21,352	1.3
83	75	Pacific Telesis	21,194	0.0
84	79	Southwestern Bell	21,161	0.8
85	65	First Bank System	20,820	–14.1
86	81	Occidental Petrol	20,741	0.0
87	82	Commonwealth Ed	20,519	1.6
88	94	Westinghouse	20,314	19.9
89	85	Ameritech	19,833	3.5
90	95	Golden West Finl	19,521	16.7
91	87	First Executive	19,178	6.2
92	101	Procter & Gamble	17,996	13.9
93	112	Primerica	17,955	24.4
94	93	HomeFed	17,767	4.5
95	84	USX	17,500	–10.1
96	91	Tenneco	17,381	0.0
97	99	Texas Utilities	17,219	7.2
98	113	US Bancorp	16,975	18.0
99	96	CoreStates Financial	16,849	2.5
100	103	Southeast Banking	16,525	5.8
101	102	SCEcorp	16,495	4.5
102	98	Great American Bk	16,066	–0.1
103	104	Weyerhaeuser	15,976	3.8
104	111	KeyCorp	15,461	5.6
105	108	Union Bank	15,376	2.4
106	147	PepsiCo	15,127	35.8
107	118	Capital Holding	14,970	15.5
108	114	American Electric	14,746	3.4
109	100	Entergy	14,715	–7.7
110	119	United Technologies	14,598	14.5
111	110	Boatmen's Bancshs	14,542	–0.9
112	116	Continental Corp	14,259	7.2
113	105	CrossLand Svgs FSB	14,102	–6.9
114	129	First City Bncp Tex	14,081	15.5
115	123	Textron	13,790	9.8
116	124	USF&G	13,604	10.1
117	135	McDonnell Douglas	13,397	12.7
118	122	Boeing	13,278	5.3
119	130	K mart	13,145	8.4
120	115	AmBase	13,078	–1.7
121	109	Goldome	12,999	–13.1
122	139	Pub Svc Enterprise	12,919	10.5
123	166	First of America Bk	12,793	5.8
124	136	Philadelphia Elec	12,720	7.2
125	120	Columbia S&L Assn	12,710	2.5
126	126	JC Penney	12,698	3.6
127	131	Kemper	12,696	4.7
128	92	Meritor Svgs Bank	12,640	–26.4
129	148	Signet Banking	12,476	13.4
130	127	Union Pacific	12,459	1.9
131	137	FPL Group	12,325	4.5
132	117	CSX	12,298	–5.6
133	149	UJB Financial	12,172	11.8
134	146	Comerica	12,149	9.0
135	172	Meridian Bancorp	11,925	25.2
136	142	PacifiCorp	11,895	4.4
137	151	Provident Life & Acc	11,852	10.5
138	145	Fund American Cos	11,720	4.7
139	158	Houston Industries	11,682	14.3
140	174	Huntington Bcshs	11,680	22.9
141	140	Centerior Energy	11,667	0.8
142	132	Dime Savings Bank	11,652	–3.0
143	176	International Paper	11,582	22.4
144	153	Alcoa	11,541	9.5
145	134	FirstFed Michigan	11,490	–3.8
146	143	Michigan National	11,480	1.5
147	213	Tele-Comm	11,432	33.3
148	128	American Brands	11,394	–6.6
149	154	Crestar Financial	11,361	9.2
150	133	Phillips Petroleum	11,256	–5.9
151	157	Digital Equipment	11,255	10.0
152	121	Coast Savings Finl	11,244	–11.1
153	150	Ameritrust	11,233	4.6
154	167	Chubb	11,179	14.8
155	156	Dominion Resources	11,034	7.3
156	155	St Paul Cos	11,030	6.2
157	164	Northern Trust	10,938	10.4
158	169	Caterpillar	10,926	12.8
159	162	Society	10,903	8.9
160	141	Unisys	10,751	–6.8
161	168	AMR	10,700	10.1
162	138	Valley National	10,519	–10.6
163	181	Reliance Group	10,400	15.0
164	177	General Re	10,390	10.6
165	171	Consolidated Edison	10,350	8.4
166	178	Manufacturers Natl	10,305	10.7
167	161	Norfolk Southern	10,244	1.8
168	210	Hewlett-Packard	10,202	30.7
169	163	Allied-Signal	10,132	1.3
170	180	Dominion Bankshs	10,120	9.9

■ Not on 500 list in 1988.

The Forbes Assets 500

Rank 1989	Rank 1988	Company	Assets ($mil)	Change over 1988 %
171	193	State Street Boston	9,983	19.2
172	160	Detroit Edison	9,950	–1.1
173	175	BayBanks	9,913	4.4
174	165	United Telecom	9,821	0.0
175	182	Minn Mining & Mfg	9,776	9.6
176	170	Standard Fedl Bank	9,638	0.7
177	280	Deere & Co	9,587	11.1
178	179	ICH	9,554	4.0
179	183	Duke Power	9,542	7.3
180	236	Berkshire Hathaway	9,460	38.8
181	221	First Capital Holding	9,453	31.7
182	211	Safeco	9,279	20.0
183	173	Unocal	9,257	–2.6
184	199	McDonald's	9,175	12.5
185	197	Aon	9,156	10.8
186	184	Enron	9,105	4.7
187	191	Rockwell Intl	9,033	7.5
188	225	Anheuser-Busch Cos	9,026	26.9
189	192	Anchor Savings Bank	8,938	6.4
190	206	Coastal Corp	8,773	11.5
191	187	Sun Company	8,699	1.0
192	196	CMS Energy	8,614	3.7
193	208	Firstar	8,608	9.8
194	189	Monsanto	8,604	1.7
195	195	AmSouth Bancorp	8,565	3.0
196	202	UNUM	8,556	5.3
197	190	Union Carbide	8,546	1.2
198	194	Long Island Lighting	8,520	2.3
199	188	Baxter International	8,503	–0.5
200	■	Bristol-Myers Squibb	8,497	2.7
201	186	Goodyear	8,460	–1.8
202	203	Central & So West	8,347	2.9
203	212	Pfizer	8,325	9.0
204	244	Bancorp Hawaii	8,317	25.4
205	218	Coca-Cola	8,283	11.2
206	307	NWNL	8,271	7.2
207	227	Wal-Mart Stores	8,198	28.9
208	207	Old Kent Financial	8,127	3.5
209	215	Beneficial Corp	7,938	5.3
210	222	Johnson & Johnson	7,919	11.2
211	201	May Dept Stores	7,802	–4.2
212	242	SouthTrust	7,763	16.8
213	214	Ohio Edison	7,723	2.2
214	239	Motorola	7,686	14.5
215	216	Pennsylvania P&L	7,599	1.0
216	200	Texas Air	7,577	–7.0
217	217	Carolina Power & Lt	7,575	0.9
218	226	Niagara Mohawk Pwr	7,575	7.1
219	241	Champion Intl	7,531	12.4
220	219	Consolidated Rail	7,471	3.4
221	224	American Stores	7,398	5.5
222	245	Broad	7,390	11.4
223	229	Riggs National	7,337	4.8
224	233	Pacific Enterprises	7,326	6.7
225	424	Temple-Inland	7,249	115.1
226	281	Sara Lee	7,229	27.7
227	240	UAL	7,207	7.6
228	237	Marshall & Ilsley	7,151	5.5
229	299	Fifth Third Bancorp	7,143	36.2
230	220	First American Corp	7,058	–2.0
231	223	Georgia-Pacific	7,056	–0.8
232	255	People's Bank	7,054	11.6
233	106	Pinnacle West	7,000	0.2
234	90	Paramount Commun	6,954	27.8
235	248	Mercantile Bancorp	6,942	7.5
236	278	Walt Disney	6,883	19.7
237	291	Amerada Hess	6,867	27.8
238	243	Lockheed	6,792	2.2
239	231	Integra Financial	6,768	–2.3
240	258	Merck	6,757	10.3
241	354	Cooper Industries	6,745	53.9
242	265	Marriott	6,732	12.6
243	234	Gulf States Utils	6,727	–1.9
244	272	Hibernia	6,699	14.8
245	249	General Public Utils	6,688	4.3
246	247	Dayton Hudson	6,684	2.5
247	235	Santa Fe Pacific	6,609	–3.2
248	252	Washington Mutual	6,594	3.6
249	274	Delta Air Lines	6,554	12.7
250	259	General Dynamics	6,549	7.0
251	238	Northeast Utilities	6,523	–3.6
252	261	American Family	6,515	7.3
253	322	Waste Management	6,405	31.3
254	266	First Tennessee Natl	6,398	7.1
255	260	Capital Cities/ABC	6,360	4.4
256	271	MCI Commun	6,338	8.5
257	257	LTV	6,336	2.8
258	462	Panhandle Eastern	6,266	110.8
259	■	Stone Container	6,254	161.1
260	269	First Empire State	6,234	5.5
261	283	South Carolina Natl	6,216	9.9
262	■	Black & Decker	6,176	220.2
263	254	Burlington Northern	6,148	–2.9
264	276	Monarch Capital	6,122	5.5
265	286	Burlington Resources	6,098	9.1
266	275	United Banks of Colo	6,080	4.6
267	292	USAir Group	6,069	13.5
268	253	Talman Home Fedl	6,063	–4.3
269	251	American Capital	6,035	–9.0
270	268	INB Financial	6,015	1.5
271	309	Baltimore G&E	5,986	16.8
272	279	Banco Popular PR	5,973	4.7
273	282	Star Banc	5,949	5.2
274	232	Commercial Federal	5,947	–13.6
275	263	Ryder System	5,938	–1.7
276	290	James River Corp Va	5,882	8.9
277	285	Columbia Gas Sys	5,878	4.2
278	256	Perpetual Financial	5,866	–5.0
279	295	Eli Lilly	5,848	11.1
280	270	Contel	5,846	–0.3
281	289	Commerce Bcshs	5,829	7.1
282	304	First Security	5,795	12.3
283	273	Union Electric	5,760	–1.1
284	305	Scott Paper	5,746	11.4
285	338	American Home Prods	5,681	3.4
286	306	PPG Industries	5,645	9.5
287	298	Ethyl	5,632	14.8
288	294	WR Grace	5,619	5.8
289	326	Pitney Bowes	5,611	17.2
290	262	Illinois Power	5,609	–7.3
291	264	Enstar Group	5,594	–8.1
292	297	Merchants National	5,577	6.1
293	308	First Florida Banks	5,565	8.4
294	314	Reynolds Metals	5,556	10.4
295	303	First Alabama Bcshs	5,550	7.3
296	293	Emerson Electric	5,534	3.9
297	382	ConAgra	5,403	16.1
298	198	Northeast Savings FA	5,402	–34.2
299	421	Whirlpool	5,354	57.0
300	329	Raytheon	5,338	12.6
301	330	Central Fidelity Bks	5,335	12.8
302	318	Litton Industries	5,317	7.2
303	324	Archer Daniels	5,262	9.2
304	349	TRW	5,259	18.4
305	311	Honeywell	5,258	3.3
306	327	Dana	5,225	9.2
307	313	Greyhound Dial	5,205	3.4
308	315	Dun & Bradstreet	5,184	3.2
309	■	Conseco	5,178	28.5
310	443	Federal Express	5,152	63.8
311	321	Bank South	5,136	5.2
312	325	First Virginia Banks	5,124	6.8
313	301	Howard Savings Bank	5,081	–2.7
314	367	First Hawaiian	5,078	19.9
315	336	Citadel Holding	4,981	7.3
316	341	American Cyanamid	4,971	8.2
317	■	First Financial Mgmt	4,941	693.2
318	365	Kimberly-Clark	4,923	15.4
319	351	Torchmark	4,921	11.2
320	346	Pennzoil	4,882	9.0
321	323	Abbott Laboratories	4,852	0.5
322	350	Borden	4,825	8.7
323	356	BB&T Financial	4,808	9.9
324	352	Texas Instruments	4,804	8.5
325	347	Bethlehem Steel	4,793	7.8
326	317	Finl Cp Santa Barbara	4,737	–5.9
327	335	Coca-Cola Enterprises	4,732	1.3
328	328	FarWest Financial	4,730	4.3
329	363	City National	4,699	9.4
330	364	PHH	4,675	8.9
331	334	NY State E&G	4,670	–0.5
332	371	First Commerce	4,658	11.8
333	296	TCF Financial	4,657	–11.4
334	312	Florida Federal	4,655	–8.1
335	372	Potomac Electric	4,643	12.0

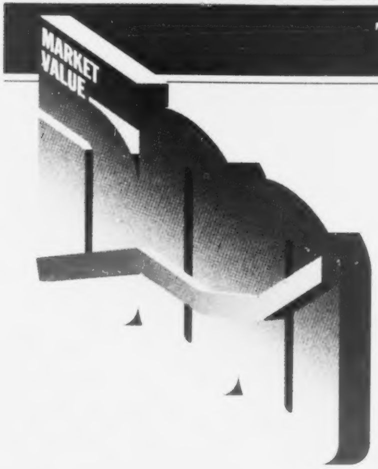
■ Not on 500 list in 1988.

The Forbes Assets 500

Rank		Company	Assets ($mil)	Change over 1988 %
1989	1988			
336	353	CBS	4,638	5.2
337	361	Florida Progress	4,634	7.7
338	375	Consol Natural Gas	4,601	12.0
339	345	No States Power	4,593	2.2
340	370	Jefferson-Pilot	4,530	8.5
341	376	Central Bancshares	4,519	10.0
342	362	American Natl Ins	4,516	4.9
343	332	NCR	4,500	–4.6
344	369	Ralston Purina	4,495	7.1
345	368	HJ Heinz	4,479	6.5
346	360	Ashland Oil	4,468	3.4
347	358	Allegheny Power	4,433	2.3
348	343	American Savings	4,430	–2.3
349	385	Society for Savings	4,417	12.4
350	393	Sumitomo Bank Calif	4,401	18.3
351	377	Campbell Soup	4,369	6.6
352	387	West One Bancorp	4,350	11.4
353	373	USLife	4,336	4.6
354	320	PHM	4,325	–11.6
355	342	Citizens Savings	4,299	–6.1
356	384	Puget Sound Bancorp	4,294	8.8
357	396	Comdisco	4,293	16.4
358	331	Halliburton	4,263	–9.7
359	348	Old Stone	4,246	–4.6
360	339	Kroger	4,242	–8.1
361	379	Premier Bancorp	4,227	3.6
362	■	Ryland Group	4,212	–0.8
363	374	MCA	4,211	2.3
364	380	AMAX	4,190	2.8
365	■	Oryx Energy	4,185	2.2
366	404	Boise Cascade	4,143	14.7
367	337	AmeriFirst Bank	4,132	–10.7
368	381	Itel	4,127	3.1
369	■	UA Entertainment	4,119	176.9
370	394	New England Electric	4,116	10.7
371	401	National Medical	4,115	13.0
372	414	Transco Energy	4,110	16.5
373	359	Downey S&L Assn	4,099	–5.4
374	395	United Missouri Bcsh	4,038	8.7
375	333	Seamen's	4,024	–18.9
376	403	Natl Community Bks	4,023	11.3
377	400	Mercantile Bkshs	4,018	10.3
378	436	Union Planters	4,003	22.4
379	407	Intel	3,994	12.5
380	366	Rochester Community	3,977	–6.2
381	418	Times Mirror	3,947	13.6
382	388	DQE	3,921	1.1
383	411	Woolworth	3,907	10.5
384	406	Williams Cos	3,900	9.3
385	435	Arkla	3,886	19.6
386	■	DCNY Corp	3,869	62.1
387	415	Summit Bancorp	3,865	9.6
388	429	Apple Bancorp	3,840	15.1
389	426	Equimark	3,801	13.3
390	390	Gannett	3,783	–0.3
391	425	Cincinnati G&E	3,778	12.4
392	413	Humana	3,756	6.4
393	383	Viacom	3,753	–5.7
394	409	Mead	3,750	5.9
395	405	Deposit Guaranty	3,745	4.9
396	416	Whitman	3,718	6.6
397	398	Southwest Gas	3,706	0.7
398	427	CPC International	3,705	10.9
399	461	Wilmington Trust	3,703	24.2
400	420	First Citizens Bcshs	3,694	8.3
401	397	Nipsco Industries	3,671	–0.4
402	■	Navistar Intl	3,656	1.9
403	431	Hercules	3,653	9.9
404	459	Masco	3,641	21.4
405	■	TW Holdings	3,624	72.1
406	419	Schering-Plough	3,614	5.5
407	437	Lone Star Tech	3,601	–7.5
408	392	Freeport-McMoRan	3,561	–4.5
409	412	San Diego G&E	3,546	0.4
410	440	Colgate-Palmolive	3,536	9.9
411	441	Liberty National	3,535	11.8
412	447	Air Prods & Chems	3,521	12.3
413	433	Martin Marietta	3,505	5.6
414	423	Cullen/Frost Bankers	3,505	3.5
415	■	Charles Schwab	3,480	37.4
416	422	Northeast Bancorp	3,468	2.2
417	428	Baltimore Bancorp	3,462	3.6
418	310	Teledyne	3,447	6.1
419	454	Geico	3,434	12.2
420	482	Henley Group	3,427	37.5
421	450	Union Camp	3,417	10.4
422	391	Centel	3,417	–9.0
423	434	Kellogg	3,390	2.8
424	344	SFFed Corp	3,386	–24.7
425	402	Great Lakes Bancorp	3,385	–6.9
426	475	Corning	3,361	16.0
427	449	St Paul Bancorp	3,345	7.7
428	455	First Bncp Ohio	3,334	9.4
429	448	Kerr-McGee	3,332	6.7
430	442	Wisconsin Energy	3,318	5.0
431	399	Western Capital Inv	3,262	–11.0
432	430	Dauphin Deposit	3,259	–2.3
433	463	Enserch	3,254	9.6
434	444	Upjohn	3,247	3.4
435	445	Northrop	3,196	1.8
436	478	Tandy	3,194	11.0
437	■	Maxxam	3,183	–12.4
438	497	Fourth Financial	3,182	18.2
439	452	So N England Telecom	3,179	3.6
440	■	Penn Central	3,178	32.4
441	438	Fortune Financial	3,175	–2.5
442	■	General Mills	3,174	10.6
443	417	Valley Federal S&L	3,170	–8.0
444	465	Valley Bancorp	3,154	6.6
445	470	Ohio Casualty	3,146	7.7
446	486	Colorado Natl Bkshs	3,146	11.9
447	498	Hawaiian Electric	3,130	16.7
448	466	Quaker Oats	3,125	6.2
449	457	Old Republic Intl	3,124	3.9
450	■	Browning-Ferris Inds	3,117	33.4
451	479	Gillette	3,114	8.6
452	476	Trustmark	3,108	7.4
453	458	Greater NY Savings	3,105	3.2
454	■	Valhi	3,098	35.2
455	464	Sunwest Financial	3,086	4.1
456	408	Farm & Home Finl	3,085	–13.0
457	446	Sonat	3,084	–1.7
458	■	Citizens First Bncp	3,075	14.8
459	■	Toys "R" Us	3,075	20.3
460	474	Multibank Financial	3,068	5.8
461	483	Paccar	3,067	8.3
462	481	BanPonce	3,066	7.9
463	■	GATX	3,060	17.5
464	456	Eaton	3,052	0.6
465	467	Tribune	3,051	3.7
466	460	Public Service Colo	3,045	2.0
467	■	McCaw Cellular	3,041	46.5
468	494	Melville	3,032	10.8
469	480	Bally Manufacturing	3,029	5.7
470	277	Homestead Financial	3,020	–47.5
471	469	Inland Steel Inds	3,009	2.9
472	472	Dresser Industries	3,008	3.3
473	473	Quantum Chemical	3,004	3.3
474	■	Westvaco	2,998	13.8
475	477	Scana	2,985	3.4
476	468	Zions Bancorporation	2,975	1.5
477	■	General Cinema	2,973	44.8
478	499	Hanover Insurance	2,955	11.5
479	■	Landmark Land	2,943	5.8
480	■	Southern Natl	2,924	10.3
481	■	Tucson Electric	2,905	2.3
482	■	Washington National	2,899	9.5
483	■	Equitable of Iowa	2,885	47.5
484	■	Bay View Capital	2,881	6.4
485	485	Boston Edison	2,878	2.2
486	■	Great A&P Tea	2,870	8.7
487	496	Warner-Lambert	2,860	5.8
488	491	FMC	2,819	2.6
489	■	Apple Computer	2,813	23.6
490	492	Whitney Holding	2,766	0.7
491	■	Security Bancorp	2,725	5.8
492	484	Independence Bancorp	2,705	–4.3
493	495	Public Service NH	2,703	0.4
494	■	DPL	2,694	9.1
495	■	Fleming Cos	2,689	5.1
496	■	Dow Jones	2,688	27.3
497	■	Super Valu Stores	2,678	16.2
498	■	FirsTier Financial	2,660	15.2
499	■	Progressive	2,647	14.7
500	439	Harcourt Brace	2,644	–18.2

■ Not on 500 list in 1988.

The Forbes Market Value 500



The capitalization of the 500 most valuable corporations climbed 17%, to $2.3 trillion, as big stocks soundly beat small ones.

THE AGGREGATE CAPITALIZATION of the 500 companies listed below increased 17% for the 12 months ended Mar. 23. During the same period the 30 Dow industrials rose 20.5%. By contrast, the Wilshire index of 6,000 stocks—dragged down by the weaker performance of small companies—gained only 14%.

This is the first time that the calculation for the Forbes Market Value 500 is based on recent stock prices instead of year-end prices. This change allowed Reader's Digest Association and St. Joe Paper, both of which went public earlier this year, to be included in our table. Another newcomer is Lyondell Petrochemical Co., a January 1989 initial public offering of the petrochemical and petroleum processing operations of Atlantic Richfield.

Rank 1989	Rank 1988	Company	Market value ($mil)	Change over 1988 %
1	1	IBM	60,345	–6.6
2	2	Exxon	57,676	1.1
3	3	General Electric	57,193	44.1
4	4	American Tel & Tel	44,646	32.0
5	7	Philip Morris Cos	36,566	37.7

IBM has the largest market value of any U.S. firm, but a handful of Japanese companies such as Sumitomo Bank, Fuji Bank, Mitsubishi Bank and Nippon Telegraph & Telephone have larger values. In the last 12 months IBM's stock price fell 4% while its market value declined 6.6%. IBM's repurchase of 16 million shares of stock in 1989 accounts for the difference between the two figures.

With a capitalization of $26.3 billion, Wal-Mart Stores is now the tenth-largest U.S. stock. A decade ago this discount retailer was ranked number 392 with a market value slightly over a half-billion dollars.

Of the 500 firms listed below, Costco Wholesale has the biggest percentage increase in market value, 162%. This warehouse retailer recently reported record sales and profits for the first half of fiscal 1990. A recent secondary offering of 3.2 million shares increased Costco's capitalization by approximately $95 million. Another warehouse retailer, Home Depot, which specializes in building-supply stores, posted a 106% increase in market value.

Several fast-growing computer software companies also delivered sharp gains in market value. Both Oracle Systems and Microsoft more than doubled their market value. Since our valuation date, however, Oracle stock has tumbled on a weak earnings report.

Newell Co., a Freeport, Ill. maker of housewares and hardware products, doubled in market value. Newell's profits of $85 million represent a 39% increase over 1988. The capitalization of Panhandle Eastern and Turner Broadcasting increased nearly 100% over the past 12 months.

Although the market's valuation of both Boeing and General Electric rose, it slipped at many other aerospace firms. McDonnell Douglas, which is gambling on its new MD-11 widebody, lost 39% of its market value and shows a sharp decrease in earnings before extraordinary items. Stock in General Dynamics lost 30% of its value. Chrysler, which recently sold off its aerospace operations, lost almost a third of its total market value. Bank of New England, Tucson Electric Power and Quantum Chemical were some of the losers that dropped off our list.

For information on stock price performance, dividends, per-share earnings and 1990 estimates, turn to the Wall Street report starting on page 328.

Winners

The largest increase in market value

Rank 1989	Rank 1988	Company	Market value ($mil)	Change over 1988 %
437	■	Costco Wholesale	1,238	162.4
185	415	Oracle Systems	3,268	138.1
92	180	Microsoft	6,018	120.2
172	327	Home Depot	3,512	106.0
373	■	Newell Co	1,508	101.2

■ Not on 500 list in 1988.

Losers

The largest decrease in market value

Rank 1989	Rank 1988	Company	Market value ($mil)	Change over 1988 %
401	■	Lyondell Petrochem	1,380	–40.0
459	298	Shawmut National	1,160	–39.1
284	184	McDonnell Douglas	2,120	–39.0
243	110	Unisys	2,436	–39.0
155	71	Chrysler	3,848	–32.7

Rank 1989	Rank 1988	Company	Market value ($mil)	Change over 1988 %
6	5	General Motors	31,307*	1.3
7	8	Merck	27,532	8.3
8	■	Bristol-Myers Squibb	27,449	NA
9	10	Amoco	26,666	28.8
10	13	Wal-Mart Stores	26,325	46.0
11	9	EI du Pont	26,043	9.1
12	12	BellSouth	25,826	33.7
13	11	Mobil	25,022	24.4
14	15	Coca-Cola	24,983	40.5
15	16	Chevron	23,866	35.2
16	18	Procter & Gamble	23,272	54.6
17	6	Ford Motor	22,190	–3.6
18	20	GTE	20,747	38.6
19	24	Atlantic Richfield	18,739	22.5
20	21	Johnson & Johnson	18,568	27.1
21	27	Pacific Telesis	18,548	29.3
22	23	Minn Mining & Mfg	18,537	24.2
23	14	Dow Chemical	18,146	11.6
24	22	Bell Atlantic	18,072	22.8
25	34	Eli Lilly	17,235	24.4
26	43	Boeing	16,729	68.0
27	32	Southwestern Bell	16,532	24.9
28	39	PepsiCo	16,257	42.2
29	28	Ameritech	16,247	18.0
30	26	Nynex	16,056	16.9
31	42	Waste Management	15,604	58.3
32	31	American Home Prods	15,569	25.5
33	46	Walt Disney	15,469	52.7
34	29	Texaco	15,423	19.6
35	36	American Intl Group	15,263	21.4
36	37	Abbott Laboratories	14,063	21.3
37	38	US West	13,620	21.4
38	17	Sears, Roebuck	13,152	–14.7
39	19	Eastman Kodak	12,450	–14.2
40	44	McDonald's	11,360	25.5
41	35	American Express	11,234	–10.3
42	30	Hewlett-Packard	11,119	–8.1
43	50	Westinghouse	10,750	41.5
44	45	Anheuser-Busch Cos	10,720	11.4
45	41	Pfizer	9,734	5.3
46	33	Digital Equipment	9,505	–18.5
47	52	Pacific G&E	9,116	25.7
48	49	USX	9,009	14.6
49	63	Schering-Plough	8,910	27.2
50	81	MCI Communications	8,845	36.1
51	60	Capital Cities/ABC	8,770	31.9
52	57	Emerson Electric	8,670	29.1
53	82	Motorola	8,637	67.0
54	40	Dun & Bradstreet	8,446	–11.8
55	66	Tenneco	8,407	39.5
56	53	SCEcorp	8,302	19.2
57	65	JC Penney	8,249	28.5
58	84	Berkshire Hathaway	8,137	44.6
59	133	Federal Natl Mortgage	8,122	62.1
60	54	Southern Company	8,090	10.2

Rank 1989	Rank 1988	Company	Market value ($mil)	Change over 1988 %
61	102	United Telecom	7,949	49.9
62	47	Citicorp	7,875	–11.2
63	70	HJ Heinz	7,854	26.4
64	73	Loews	7,842	20.6
65	117	Intel	7,842	79.8
66	101	Toys "R" Us	7,757	63.8
67	56	Commonwealth Ed	7,442	5.0
68	97	Limited	7,399	49.2
69	91	General Re	7,398	24.9
70	48	Kellogg	7,359	2.1
71	58	Occidental Petroleum	7,332	3.0
72	76	Monsanto	7,148	12.3
73	86	Upjohn	7,129	36.2
74	113	Unocal	7,079	46.4
75	87	Warner-Lambert	6,944	28.1
76	51	Union Pacific	6,903	–3.8
77	85	United Technologies	6,872	22.1
78	55	K mart	6,839	–9.2
79	126	Campbell Soup	6,607	63.2
80	80	Sara Lee	6,484	20.7
81	75	Gannett	6,439	9.1
82	64	JP Morgan & Co	6,409	–5.5
83	59	ITT	6,404	–6.3
84	61	Caterpillar	6,250	8.4
85	103	Texas Utilities	6,228	30.2
86	77	Norfolk Southern	6,219	4.3
87	135	Archer Daniels	6,173	47.6
88	104	Phillips Petroleum	6,158	11.8
89	67	American Brands	6,153	3.4
90	172	Marion Merrell Dow	6,083	66.4
91	83	May Dept Stores	6,032	17.8
92	180	Microsoft	6,018	120.2
93	89	Consolidated Edison	5,989	16.7
94	115	Baxter International	5,988	24.7
95	90	American Electric	5,903	17.3
96	98	Burlington Resources	5,858	–9.1
97	158	BankAmerica	5,811	34.9
98	118	General Mills	5,755	21.3
99	96	Alcoa	5,746	12.5
100	92	International Paper	5,613	9.9
101	107	Duke Power	5,545	25.2
102	100	AMP	5,526	25.4
103	78	Rockwell Intl	5,491	2.0
104	94	Pub Svc Enterprise	5,489	11.4
105	88	Aetna Life & Cas	5,431	–2.7
106	116	PacifiCorp	5,415	26.6
107	140	Deere & Co	5,404	44.5
108	68	Time Warner	5,360	–20.2
109	95	Apple Computer	5,290	23.9
110	129	Browning-Ferris Inds	5,266	22.7
111	105	Paramount Commun	5,229	–2.4
112	99	Allied-Signal	5,203	8.5
113	93	Weyerhaeuser	5,145	–1.9
114	106	Kimberly-Clark	5,133	6.9
115	69	Xerox	5,111	–16.0

Rank 1989	Rank 1988	Company	Market value ($mil)	Change over 1988 %
116	141	McCaw Cellular	5,022	1.7
117	127	CPC International	4,975	23.6
118	132	Marsh & McLennan	4,971	17.1
119	161	Gillette	4,964	48.3
120	122	American Cyanamid	4,932	8.6
121	119	NCR	4,898	14.7
122	79	Ralston Purina	4,895	–1.5
123	114	Borden	4,865	15.0
124	174	Halliburton	4,850	51.2
125	109	Tele-Communications	4,813	–0.9
126	166	Dayton Hudson	4,793	41.9
127	130	Melville	4,764	9.3
128	■	Oryx Energy	4,757	–1.2
129	112	PPG Industries	4,592	–7.3
130	121	Times Mirror	4,456	2.1
131	123	Dominion Resources	4,452	12.0
132	188	Cooper Industries	4,444	58.6
133	169	Student Loan	4,436	37.3
134	128	Security Pacific	4,319	–3.1
135	125	FPL Group	4,300	12.6
136	165	Corning	4,299	42.2
137	162	Contel	4,287	9.9
138	131	CBS	4,157	2.1
139	111	Raytheon	4,150	–4.6
140	153	Houston Industries	4,149	22.1
141	139	LIN Broadcasting	4,127	–6.5
142	223	Chubb	4,117	52.3
143	157	Entergy	4,080	20.9
144	155	Woolworth	4,064	30.8
145	163	AMR	4,043	22.3
146	181	Banc One	3,960	23.8
147	224	NCNB	3,922	27.9
148	145	Masco	3,921	14.9
149	183	Automatic Data	3,906	41.3
150	209	Humana	3,896	38.5
151	136	Cigna	3,891	–6.0
152	159	Colgate-Palmolive	3,883	22.2
153	148	Sun Company	3,881	5.2
154	231	Compaq Computer	3,868	46.5
155	71	Chrysler	3,848	–32.7
156	144	Georgia-Pacific	3,846	–2.7
157	124	Philadelphia Elec	3,816	–5.4
158	134	Teledyne	3,810	–1.6
159	199	Amerada Hess	3,803	31.6
160	173	Carolina Power & Lt	3,782	31.6
161	146	PNC Financial	3,763	5.3
162	154	MCA	3,756	–0.9
163	211	Delta Air Lines	3,719	32.5
164	152	Consol Natural Gas	3,652	16.1
165	206	Albertson's	3,636	37.1
166	203	Detroit Edison	3,635	39.5
167	151	Pitney Bowes	3,624	12.1
168	120	Quaker Oats	3,576	–10.1
169	164	Wells Fargo	3,546	0.7
170	160	Food Lion	3,543	–3.3

■ Not on 500 list in 1988. *Includes Class E and H stock. NA: Not available.

The Forbes Market Value 500

Rank 1989	Rank 1988	Company	Market value ($mil)	Change over 1988 %
171	171	Central & So West	3,540	23.5
172	327	Home Depot	3,512	106.0
173	200	Honeywell	3,500	23.4
174	193	RR Donnelley & Sons	3,496	21.2
175	138	American General	3,486	–16.2
176	284	Fluor	3,435	90.3
177	221	UAL	3,431	40.2
178	150	CSX	3,385	2.3
179	228	ConAgra	3,363	34.7
180	265	Dresser Industries	3,347	39.2
181	142	Travelers	3,342	–15.1
182	318	Baker Hughes	3,307	68.6
183	182	Scott Paper	3,301	8.9
184	235	Newmont Mining	3,287	29.3
185	415	Oracle Systems	3,268	138.1
186	178	Reynolds Metals	3,264	17.9
187	192	Washington Post	3,225	19.4
188	198	Pennzoil	3,209	6.8
189	255	Coastal Corp	3,177	57.4
190	185	Bankers Trust NY	3,159	–3.1
191	218	Pacific Enterprises	3,156	21.6
192	189	Pennsylvania P&L	3,149	11.5
193	191	Santa Fe Pacific	3,138	–6.3
194	207	Chase Manhattan	3,114	0.9
195	143	Union Carbide	3,079	–24.6
196	250	Primerica	3,002	46.0
197	197	Ethyl	2,999	3.9
198	257	St Paul Cos	2,995	33.0
199	208	TRW	2,995	16.2
200	179	Ohio Edison	2,975	–2.5
201	204	Transamerica	2,960	17.4
202	156	Texas Instruments	2,955	–2.4
203	320	Tandem Computers	2,948	73.4
204	186	Genuine Parts	2,944	5.3
205	177	Tribune	2,938	–3.3
206	195	Federal Express	2,920	25.7
207	■	Readers Digest Assn	2,887	NA
208	234	UST Inc	2,867	8.8
209	175	Dow Jones	2,837	–7.4
210	301	Ingersoll-Rand	2,814	48.1
211	225	Hershey Foods	2,796	21.0
212	74	Burlington Northern	2,768	67.6
213	317	Viacom	2,762	34.8
214	247	Carnival Cruise Lines	2,743	33.1
215	277	Centel	2,743	7.0
216	233	Air Prods & Chems	2,725	19.7
217	137	Tandy	2,710	–25.8
218	213	Union Electric	2,706	11.6
219	201	SunTrust Banks	2,705	–0.9
220	275	Centerior Energy	2,691	23.3
221	259	CMS Energy	2,689	35.4
222	205	Computer Associates	2,676	–8.8
223	147	Marriott	2,674	–17.3
224	149	Whitman	2,659	–16.1
225	307	Enron	2,649	41.1

Rank 1989	Rank 1988	Company	Market value ($mil)	Change over 1988 %
226	238	First Wachovia	2,649	14.3
227	328	National Medical	2,647	29.4
228	217	Knight-Ridder	2,634	15.4
229	287	Illinois Tool Works	2,628	46.0
230	285	Rubbermaid	2,609	22.1
231	280	Walgreen	2,599	20.3
232	305	Sysco	2,599	34.3
233	170	McGraw-Hill	2,562	–21.3
234	244	Deluxe	2,561	11.5
235	167	Champion Intl	2,556	–11.9
236	236	WR Grace	2,552	–2.8
237	168	Salomon	2,541	–15.9
238	321	Torchmark	2,531	48.6
239	289	Kerr-McGee	2,522	26.1
240	375	Dillard Dept Stores	2,518	58.3
241	202	Hilton Hotels	2,481	–1.3
242	237	General Public Utils	2,444	13.1
243	110	Unisys	2,436	–39.0
244	194	Polaroid	2,433	–16.1
245	222	Union Camp	2,428	1.9
246	212	Nordstrom	2,427	–4.7
247	276	Dover	2,404	32.9
248	356	Mfrs Hanover	2,404	35.0
249	269	Morgan Stanley	2,400	8.0
250	210	Baltimore G&E	2,396	5.3
251	227	USF&G	2,395	–8.4
252	381	Rorer Group	2,387	93.4
253	300	Winn-Dixie Stores	2,386	32.1
254	226	Bank of New York	2,385	–12.5
255	314	So N England Telecom	2,371	21.6
256	355	Panhandle Eastern	2,370	99.6
257	477	NIKE	2,364	92.3
258	243	San Diego G&E	2,363	14.2
259	187	Fleet/Norstar Finl	2,314	–17.9
260	■	Turner Broadcasting	2,312	99.1
261	252	Becton Dickinson	2,300	22.2
262	215	Lockheed	2,291	–14.0
263	350	Gap	2,285	70.9
264	344	Safeco	2,285	30.3
265	251	No States Power	2,267	17.9
266	297	Aon	2,258	21.4
267	279	Intl Flavors & Frags	2,257	19.0
268	239	Northeast Utilities	2,242	7.8
269	292	Lincoln National	2,226	9.9
270	274	AMAX	2,225	10.8
271	219	Merrill Lynch	2,196	–20.3
272	272	Geico	2,187	14.7
273	176	Goodyear	2,168	–16.6
274	294	NBD Bancorp	2,159	17.5
275	242	Martin Marietta	2,147	–10.0
276	232	Rohm & Haas	2,140	–2.2
277	388	Genentech	2,139	34.5
278	337	Liz Claiborne	2,138	45.3
279	306	American Stores	2,137	27.1
280	365	Long Island Lighting	2,128	27.6

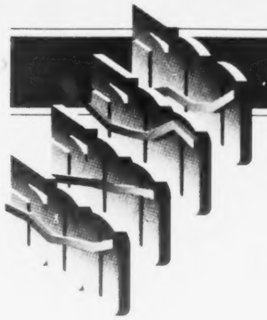
Rank 1989	Rank 1988	Company	Market value ($mil)	Change over 1988 %
281	261	National City	2,123	12.3
282	310	Clorox	2,123	21.2
283	334	Alltel	2,121	22.6
284	184	McDonnell Douglas	2,120	–39.0
285	316	Castle & Cooke	2,118	39.5
286	273	Potomac Electric	2,106	13.6
287	332	Columbia Gas System	2,100	35.5
288	311	Whirlpool	2,090	17.1
289	270	Gt Western Financial	2,087	7.6
290	256	Textron	2,081	–8.5
291	258	Sovran Financial	2,079	6.0
292	324	Phelps Dodge	2,077	8.5
293	349	Capital Holding	2,076	35.1
294	268	Allegheny Power	2,072	10.0
295	407	Sun Microsystems	2,069	71.8
296	286	First Chicago	2,065	–10.8
297	267	Ashland Oil	2,064	–9.4
298	249	Eaton	2,049	–2.0
299	263	Chemical Banking	2,045	–2.5
300	351	WW Grainger	2,022	38.0
301	313	Arkla	2,020	15.0
302	312	Great A&P Tea	2,010	9.9
303	342	Tyco Laboratories	2,008	38.7
304	230	Consolidated Rail	2,005	–12.3
305	283	Price Co	1,998	14.7
306	214	Mead	1,996	–13.4
307	370	Reebok International	1,992	23.6
308	418	Sonat	1,989	61.8
309	229	James River Corp Va	1,989	–12.0
310	455	Avon Products	1,972	72.3
311	264	First Interstate Bncp	1,966	–11.7
312	359	Wm Wrigley Jr	1,931	34.1
313	290	Wisconsin Energy	1,928	12.3
314	293	Florida Progress	1,921	12.3
315	260	Coca-Cola Enterprises	1,918	–9.8
316	288	Super Valu Stores	1,906	10.6
317	325	Brown-Forman	1,903	11.0
318	367	Valhi	1,896	26.5
319	346	H&R Block	1,893	30.0
320	220	First Union	1,889	–17.2
321	412	Homestake Mining	1,879	37.6
322	245	New York Times	1,854	–10.6
323	368	Kemper	1,848	1.8
324	430	UA Entertainment	1,846	40.2
325	362	Norwest	1,834	12.3
326	254	Barnett Banks	1,830	–8.5
327	■	Morton International	1,815	NA
328	340	Consolidated Papers	1,810	15.3
329	281	Freeport-McMoRan	1,809	–22.2
330	299	Niagara Mohawk Pwr	1,787	8.2
331	266	VF	1,783	–20.7
332	347	Maytag	1,782	–15.4
333	377	Nalco Chemical	1,774	27.7
334	295	Litton Industries	1,764	–2.3
335	478	Golden West Finl	1,764	58.1

■ Not on 500 list in 1988. NA: Not available

The Forbes Market Value 500

Rank		Company	Market value ($mil)	Change over 1988 %
1989	1988			
336	315	Vulcan Materials	1,761	0.8
337	437	Tyson Foods	1,758	83.4
338	469	Great Lakes Chemical	1,758	56.4
339	262	Household Intl	1,752	-22.8
340	278	Westvaco	1,738	-4.6
341	399	Bausch & Lomb	1,735	24.7
342	392	Temple-Inland	1,735	25.0
343	291	Citizens Utilities	1,715	-5.5
344	■	FlightSafety Intl	1,702	62.1
345	371	New England Electric	1,691	28.8
346	461	Medtronic	1,687	53.5
347	323	HF Ahmanson	1,683	3.3
348	454	Louisiana-Pacific	1,677	50.7
349	387	Anadarko Petroleum	1,669	28.1
350	390	MNC Financial	1,663	20.7
351	384	EW Scripps	1,645	10.7
352	253	Hercules	1,636	-22.9
353	385	TECO Energy	1,633	27.2
354	335	Citizens & Southern	1,628	-0.4
355	309	Penn Central	1,616	1.3
356	304	Continental Corp	1,608	-6.3
357	431	Comcast	1,607	27.0
358	303	General Cinema	1,606	-7.8
359	441	Enserch	1,603	46.1
360	240	Amdahl	1,593	-11.8
361	428	Hillenbrand Inds	1,578	56.9
362	■	Union Texas Petrol	1,573	48.2
363	425	UNUM	1,571	23.9
364	422	Gerber Products	1,569	24.4
365	376	Cincinnati Bell	1,565	21.7
366	246	General Dynamics	1,565	-30.0
367	354	Giant Food	1,562	11.8
368	443	Sherwin-Williams	1,560	35.3
369	470	Norton	1,556	61.6
370	416	Roadway Services	1,539	30.6
371	393	Cincinnati G&E	1,538	22.7
372	391	Tambrands	1,536	18.9
373	■	Newell Co	1,508	101.2
374	472	Murphy Oil	1,504	26.9
375	348	Paccar	1,500	-10.3
376	326	CoreStates Financial	1,492	-10.2
377	414	Stanley Works	1,483	12.1
378	308	Bethlehem Steel	1,482	-15.1
379	■	Dreyfus	1,481	31.3
380	248	Ryder System	1,480	-23.4
381	282	Boise Cascade	1,470	-21.8
382	408	Crown Cork & Seal	1,467	16.2
383	341	Sonoco Products	1,465	-5.3
384	439	Premier Industrial	1,463	39.5
385	405	McKesson	1,463	17.6
386	369	Oklahoma G&E	1,457	5.8
387	426	Jefferson-Pilot	1,453	18.4
388	492	US Bancorp	1,452	31.1
389	■	Lotus Development	1,446	67.2
390	373	Parker Hannifin	1,430	7.0
391	489	Metro Mobile CTS	1,426	3.7
392	401	NY State E&G	1,424	12.5
393	■	Novell	1,424	25.1
394	329	Dana	1,417	-7.5
395	402	Republic New York	1,413	5.7
396	420	Sigma-Aldrich	1,401	25.3
397	322	Armstrong World Inds	1,400	-13.2
398	468	Nucor	1,399	38.6
399	331	Mercantile Stores	1,382	-15.4
400	■	St Joe Paper	1,380	NA
401	■	Lyondell Petrochem	1,380	-40.0
402	353	Illinois Power	1,379	3.8
403	■	BHC Commun	1,375	NA
404	433	Willamette Inds	1,373	22.4
405	494	State Street Boston	1,371	42.1
406	■	Wheelabrator Tech	1,371	NA
407	■	Circus Circus	1,360	23.8
408	451	Pall	1,359	26.0
409	403	Weis Markets	1,359	3.3
410	476	Fifth Third Bancorp	1,350	23.1
411	496	Sundstrand	1,341	32.7
412	444	Mapco	1,338	8.8
413	330	Alexander & Baldwin	1,337	-19.2
414	338	USAir Group	1,330	-21.6
415	383	Lubrizol	1,328	-2.9
416	361	Snap-on Tools	1,326	-9.6
417	382	Rite Aid	1,323	-2.9
418	459	DPL	1,319	30.0
419	448	Pioneer Hi-Bred Intl	1,318	17.5
420	452	National Service	1,312	12.1
421	397	Scana	1,295	6.6
422	389	Alco Standard	1,290	23.2
423	271	Stone Container	1,288	-27.6
424	458	Harris Corp	1,286	19.7
425	■	Gulf States Utils	1,284	35.8
426	487	Transco Energy	1,282	16.2
427	423	Williams Cos	1,272	11.5
428	296	Cray Research	1,271	-19.9
429	432	Public Service Colo	1,270	20.3
430	352	Brunswick	1,265	-21.4
431	411	Square D	1,264	-5.2
432	■	Franklin Resources	1,264	71.3
433	■	Geo A Hormel	1,256	53.3
434	440	FMC	1,253	7.3
435	488	Bandag	1,242	24.9
436	■	ALZA Corp	1,241	61.0
437	■	Costco Wholesale	1,238	162.4
438	■	Cellular Commun	1,237	16.2
439	467	Nipsco Industries	1,236	22.6
440	■	Blockbuster	1,221	89.7
441	333	First Fidelity Bncp	1,218	-24.3
442	■	Lowe's Cos	1,216	40.8
443	429	Greyhound Dial	1,209	7.6
444	■	Cincinnati Financial	1,209	22.9
445	427	Asarco	1,207	7.4
446	442	Southwestern Pub Svc	1,202	12.4
447	434	American Family	1,199	-7.6
448	386	Johnson Controls	1,191	-6.2
449	■	Potlatch	1,183	38.5
450	■	Intl Minerals & Chem	1,179	38.2
451	■	Autodesk	1,176	4.5
452	486	Hubbell	1,174	25.4
453	473	Avery International	1,172	16.8
454	■	Hasbro	1,168	24.1
455	495	Nicor	1,163	28.1
456	■	American Petrofina	1,162	9.3
457	481	Louisiana Land	1,161	14.1
458	374	Pinnacle West	1,160	-3.6
459	298	Shawmut National	1,160	-39.1
460	■	Hartford Steam Boiler	1,160	35.9
461	419	Rouse	1,158	-9.6
462	366	Inland Steel Inds	1,153	-16.2
463	■	EG&G	1,141	25.8
464	■	Interpublic Group	1,141	24.3
465	446	DQE	1,138	-14.1
466	■	MBIA	1,133	25.3
467	■	Bruno's	1,132	26.3
468	■	TJX Cos	1,129	20.8
469	465	Puget Sound P&L	1,125	8.9
470	372	Fund American Cos	1,125	-27.2
471	462	Bear Stearns Cos	1,123	-6.5
472	■	Avnet	1,101	40.7
473	460	Boatmen's Bancshares	1,101	-1.0
474	■	Circuit City Stores	1,101	13.2
475	482	Beneficial Corp	1,095	6.5
476	■	St Jude Medical	1,092	1.8
477	■	Comdisco	1,091	20.2
478	■	Tele & Data Systems	1,090	16.5
479	■	Society	1,088	44.5
480	457	Olin	1,088	2.5
481	■	Northern Trust	1,084	33.8
482	■	American Greetings	1,082	49.4
483	■	King World Prods	1,080	6.6
484	475	Molex	1,078	33.8
485	■	Kroger	1,078	29.6
486	■	Petrie Stores	1,076	21.8
487	■	KeyCorp	1,067	10.7
488	490	Georgia Gulf	1,063	5.6
489	■	Safety Kleen	1,062	16.0
490	417	Intergraph	1,054	23.2
491	379	Black & Decker	1,053	-9.2
492	■	Provident Life & Acc	1,053	3.1
493	■	Kelly Services	1,052	28.4
494	■	Russell	1,052	32.8
495	■	Spiegel	1,046	69.4
496	491	Alexander & Alexan	1,046	4.8
497	421	Ogden	1,043	-3.0
498	378	Navistar Intl	1,040	-30.0
499	■	Montana Power	1,038	23.5
499	453	Perkin-Elmer	1,038	8.0

■ Not on 500 list in 1988. NA: Not available.



The Forbes 500s—Jobs and Productivity

Reversing two trends of recent years, America's largest companies employed more people and earned less money than the year before.

A BAD SIGN for productivity? Median profit per employee among the 783 Forbes 500s companies was $9,800 last year, a drop of 11% from 1988. Two factors contributed to the decline. First, profits were off; for the median company in the survey they fell 4.4%. Second, combined employment among the largest corporations rose to 20.3 million people from 19.9 million the year before. This rise breaks with a declining trend through most of the 1980s. That was a decade in which job growth occurred in small companies while the giants thinned their ranks.

The biggest employers

For the third year in a row IBM reduced the size of its payroll. Last year K mart added 17,500 employees.

Rank 1989	Rank 1988	Company	Employees (000)	Change over 1988
1	1	General Motors	775.1	1.2%
2	2	Sears, Roebuck	510.0	–0.1
3	3	IBM	385.2	–0.8
4	4	Ford Motor	366.6	2.1
5	5	K mart	360.0	5.1

BHC Communications seems to be the most productive company, with profits per employee of $961,800. But this is a fluke, since most of this income comes from BHC's sale of its holdings in Warner Communications. Bond insurer MBIA comes in second with a net of $448,800 per worker. The most efficient industry, electric utilities in the North Central U.S., had profits per employee of $36,200. The least efficient industry is multinational banks: The ten companies in this group lost $6,200 per employee.

Keep in mind that two companies within one industry may not be fully comparable. Within the international oils, for example, Exxon and Mobil have more in common with each other than with Occidental Petroleum. That's because Occidental's 51% holdings in $9.1 billion IBP, a meatpacking outfit, are consolidated with the parent company's results.

To locate a company on the jobs table, first check the address directory starting on page 376 for the main industry group listed for the firm.

Rank	Company	Per employee ($000) Profits	Sales	(rank)	Assets	(rank)	Employees (000)
AEROSPACE & DEFENSE							
1	GenCorp	13.7	126.3	(3)	82.7	(12)	15.4
2	General Electric	13.4	185.0	(1)	435.1	(1)	295.0
3	Sundstrand	8.8	116.0	(9)	109.3	(5)	13.8
4	Loral	8.1	119.2	(6)	150.4	(3)	9.7
5	Raytheon	6.9	114.4	(12)	69.4	(18)	76.9
6	Rockwell Intl	6.5	113.5	(13)	81.8	(13)	110.4
7	Allied-Signal	4.9	110.2	(14)	93.5	(9)	108.3
8	E-Systems	4.8	93.9	(20)	49.2	(21)	17.3
9	Martin Marietta	4.6	87.2	(21)	52.7	(20)	66.5
9	Textron	4.6	126.1	(4)	233.7	(2)	59.0
11	Teledyne	4.3	100.6	(15)	98.2	(8)	35.1
12	Boeing	4.2	127.4	(2)	83.4	(11)	159.2
13	TRW	3.6	99.5	(17)	71.3	(17)	73.8
13	United Technologies	3.6	100.6	(15)	75.2	(15)	194.1
15	Litton Industries	3.4	96.0	(19)	100.6	(7)	52.9
16	Sequa	3.3	115.9	(10)	138.7	(4)	16.9
17	General Dynamics	2.9	98.0	(18)	63.9	(19)	102.5
18	Grumman	2.2	115.2	(11)	85.1	(10)	30.5
19	McDonnell Douglas	0.3	117.0	(7)	107.5	(6)	124.7
20	Lockheed	0.0	116.8	(8)	80.2	(14)	84.7
21	Northrop	–1.9	122.6	(5)	74.7	(16)	42.8
	Industry medians	**4.3**	**115.2**		**83.4**		
BUSINESS-INDUSTRIAL SERVICES							
1	Waste Management	14.3	113.2	(3)	162.7	(1)	39.4
2	Browning-Ferris Inds	11.5	114.4	(2)	133.0	(2)	23.4
3	Safety-Kleen	9.7	100.7	(4)	113.3	(3)	4.8
4	JWP	3.0	134.0	(1)	84.8	(4)	13.0
5	Ogden	1.6	32.6	(5)	61.9	(5)	42.0
	Industry medians	**9.7**	**113.2**		**113.3**		
BUSINESS-SERVICES							
1	FlightSafety Intl	31.3	99.7	(3)	250.4	(2)	2.1
2	Kelly Services	18.5	360.1	(2)	103.1	(3)	3.8
3	PHH	11.7	420.3	(1)	1,052.0	(1)	4.4
	Industry medians	**18.5**	**360.1**		**250.4**		
BUSINESS-SUPPLIES							
1	Comdisco	65.8	1,050.8	(1)	2,566.0	(1)	1.7
2	Minn Mining & Mfg	14.4	138.5	(5)	112.9	(4)	86.6
3	Deluxe	9.1	78.4	(7)	50.5	(7)	16.8
4	Avery International	7.4	149.2	(4)	98.3	(5)	11.6
5	Alco Standard	6.5	249.7	(2)	91.7	(6)	16.9
6	Xerox	6.3	157.0	(3)	267.9	(2)	112.3
7	Pitney Bowes	6.2	94.7	(6)	184.8	(3)	30.4
	Industry medians	**7.4**	**149.2**		**112.9**		

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
CAPITAL GOODS-ELECTRICAL EQUIPMENT					
1	WW Grainger	16.1	232.6 (1)	143.4 (2)	7.4
2	Hubbell	15.1	127.6 (2)	110.0 (3)	5.2
3	Honeywell	8.9	89.0 (5)	77.2 (4)	68.1
4	Emerson Electric	8.2	96.4 (4)	76.2 (5)	72.6
5	Westinghouse	7.6	105.3 (3)	166.6 (1)	122.0
6	Square D	5.0	80.7 (6)	68.4 (6)	20.2
7	National Service	4.7	77.0 (7)	43.4 (7)	20.6
	Industry medians	**8.2**	**96.4**	**77.2**	
CAPITAL GOODS-HEAVY EQUIPMENT					
1	Illinois Tool Works	11.0	145.3 (4)	112.9 (6)	15.0
2	Deere & Co	10.6	193.9 (1)	248.3 (1)	38.6
3	Caterpillar	8.2	183.0 (2)	179.8 (3)	60.8
4	Dover	7.1	104.8 (9)	69.5 (11)	20.2
5	Ingersoll-Rand	6.5	111.4 (7)	83.8 (8)	31.0
6	Stanley Works	6.4	106.8 (8)	80.8 (9)	18.5
7	Tenneco	6.3	153.1 (3)	188.9 (2)	92.0
8	Crane	5.2	134.6 (5)	60.5 (15)	10.8
8	Norton	5.2	93.6 (12)	71.0 (10)	16.4
10	Cooper Industries	5.1	98.3 (11)	129.2 (4)	52.2
11	Harnischfeger Inds	5.0	132.3 (6)	122.4 (5)	11.9
11	Tecumseh Products	5.0	91.2 (13)	62.5 (13)	16.6
13	General Signal	4.1	99.8 (10)	68.9 (12)	19.2
14	Parker Hannifin	3.2	74.3 (16)	57.6 (16)	33.4
15	Timken	3.1	86.9 (15)	88.7 (7)	17.6
16	Trinova	1.5	88.6 (14)	62.1 (14)	21.9
	Industry medians	**5.2**	**105.8**	**82.3**	
CHEMICALS-DIVERSIFIED					
1	Dow Chemical	42.3	299.3 (1)	376.9 (1)	58.8
2	Quantum Chemical	23.6	254.4 (2)	286.1 (2)	10.5
3	EI du Pont	17.3	244.8 (3)	242.1 (3)	143.4
4	Monsanto	15.5	197.7 (6)	196.0 (4)	43.9
5	BF Goodrich	14.3	200.0 (5)	188.0 (7)	12.1
6	Rohm & Haas	13.8	208.8 (4)	192.7 (5)	12.7
7	Union Carbide	12.7	194.4 (7)	190.0 (6)	45.0
8	American Cyanamid	8.2	135.8 (10)	139.9 (9)	35.5
9	Olin	7.8	157.8 (8)	119.7 (10)	15.9
10	FMC	6.5	140.9 (9)	116.4 (11)	24.2
11	Hercules	–4.2	134.4 (11)	158.8 (8)	23.0
	Industry medians	**13.8**	**197.7**	**190.0**	
CHEMICALS-SPECIALIZED					
1	Lyondell Petrochem	186.9	2,677.7 (1)	633.2 (2)	2.0
2	Georgia Gulf	141.3	812.7 (2)	348.0 (4)	1.4
3	Vista Chemical	59.6	439.3 (4)	338.9 (5)	1.7
4	Ethyl	39.9	442.1 (3)	1,024.0 (1)	5.5
5	Intl Flavors & Frags	33.0	207.2 (10)	231.0 (11)	4.2
6	Great Lakes Chemical	32.8	211.3 (9)	292.6 (6)	3.8
7	Freeport-McMoRan	23.1	302.5 (6)	550.0 (3)	6.5
8	Nalco Chemical	22.1	197.0 (12)	172.7 (16)	5.4
9	IMC Fertilizer Group	19.3	201.1 (11)	289.5 (7)	5.8
10	Lubrizol	18.6	243.4 (7)	190.4 (13)	5.0
11	Sigma-Aldrich	18.4	126.6 (19)	135.6 (18)	3.5
12	Air Prods & Chems	15.4	193.7 (13)	257.0 (9)	13.7
13	Morton International	11.4	185.0 (14)	178.8 (15)	8.1
14	Pall	10.0	89.4 (21)	130.9 (19)	5.9
15	Intl Minerals & Chem	9.8	139.6 (16)	239.5 (10)	8.4
16	MA Hanna	9.6	122.6 (20)	114.4 (21)	9.1
17	Valhi	6.3	139.0 (17)	189.8 (14)	16.3
18	WR Grace	5.5	131.8 (18)	121.1 (20)	46.4
19	Witco	4.7	212.2 (8)	152.2 (17)	7.5
20	Cabot	2.6	348.3 (5)	279.6 (8)	5.4
21	Great American Mgmt	–0.7	183.5 (15)	218.5 (12)	11.2
	Industry medians	**18.4**	**201.1**	**231.0**	
COMPUTERS & COMMUNICATIONS-HARDWARE					
1	Compaq Computer	42.6	367.4 (2)	267.0 (3)	7.8
2	Apple Computer	34.6	423.8 (1)	221.9 (5)	12.7
3	Micron Technology	27.8	151.0 (10)	257.8 (4)	2.7
4	Amdahl	18.7	257.1 (4)	273.3 (2)	8.2
5	Intel	18.2	145.4 (11)	185.8 (9)	21.5
6	Cray Research	17.9	157.8 (9)	192.2 (8)	5.0
7	Premier Industrial	15.9	135.3 (13)	64.0 (27)	4.6
8	Tandem Computers	13.0	184.5 (7)	183.5 (10)	9.1
9	Penn Central	12.0	119.0 (14)	219.2 (6)	14.5
10	AMP	11.6	115.3 (15)	104.3 (16)	24.3
11	Intergraph	10.3	111.0 (18)	104.3 (16)	7.8
11	Molex	10.3	95.2 (21)	92.9 (18)	6.1
13	IBM	9.8	162.8 (8)	201.8 (7)	385.2
14	Hewlett-Packard	8.9	135.7 (12)	112.1 (15)	91.0
15	Digital Equipment	7.1	104.6 (19)	91.0 (19)	123.7
15	NCR	7.1	102.7 (20)	77.6 (22)	58.0
17	Avnet	6.6	188.6 (6)	118.2 (14)	9.6
18	General Instrument	6.3	86.6 (27)	73.7 (24)	15.7
19	Motorola	4.8	93.4 (22)	74.6 (23)	103.0
20	Itel	4.0	282.8 (3)	550.2 (1)	7.5
21	Texas Instruments	3.9	87.2 (26)	64.3 (26)	74.8
22	Sun Microsystems	3.5	198.6 (5)	140.7 (12)	10.4
23	Seagate Technology	2.6	44.9 (31)	46.6 (28)	40.0
24	EG&G	2.5	58.9 (28)	23.0 (31)	28.0
25	Natl Semiconductor	1.5	50.2 (29)	41.8 (29)	32.6
26	Harris Corp	1.1	92.1 (24)	88.0 (20)	28.9
27	Zenith Electronics	–2.1	47.7 (30)	28.3 (30)	32.5
28	Perkin-Elmer	–5.6	90.8 (25)	152.2 (11)	6.6
29	Unisys	–7.3	115.2 (16)	122.7 (13)	87.7
30	Wang Laboratories	–18.1	92.5 (23)	85.0 (21)	28.3
31	Control Data	–26.4	114.0 (17)	72.3 (25)	25.8
	Industry medians	**7.1**	**115.2**	**104.3**	

The Forbes 500s—Jobs and Productivity

Rank	Company	Per employee ($000)			Employees (000)
		Profits	Sales (rank)	Assets (rank)	
COMPUTERS & COMMUNICATIONS-SOFTWARE					
1	**Autodesk**	64.8	249.4 (2)	271.4 (2)	0.7
2	**Microsoft**	61.7	279.0 (1)	269.9 (3)	3.4
3	**Oracle Systems**	30.7	242.1 (3)	183.7 (6)	3.2
4	**Computer Associates**	27.1	230.8 (4)	255.3 (4)	5.4
5	**Lotus Development**	25.2	207.1 (5)	225.1 (5)	2.7
5	**Novell**	25.2	205.5 (6)	180.1 (7)	2.1
7	**Automatic Data**	8.9	76.8 (8)	75.8 (8)	22.0
8	**First Financial Mgmt**	8.8	137.1 (7)	762.3 (1)	6.5
9	**Computer Sciences**	3.1	76.2 (9)	45.9 (9)	18.9
	Industry medians	**25.2**	**207.1**	**225.1**	
COMPUTERS & COMMUNICATIONS-TELECOMMUNICATIONS					
1	**Citizens Utilities**	52.0	198.4 (4)	679.7 (2)	1.7
2	**Centel**	34.5	92.4 (20)	265.9 (14)	12.9
3	**MCI Communications**	32.8	351.7 (1)	344.5 (6)	18.4
4	**Alltel**	19.9	158.6 (6)	307.9 (10)	7.7
5	**Pacific Telesis**	18.0	138.9 (10)	306.8 (11)	69.1
6	**BellSouth**	16.8	138.9 (10)	298.2 (12)	100.8
7	**Southwestern Bell**	16.7	133.2 (14)	322.8 (8)	65.6
8	**Ameritech**	15.8	130.4 (15)	253.3 (16)	78.3
8	**US West**	15.8	138.1 (12)	362.3 (5)	70.2
10	**So N England Telecom**	14.3	126.7 (16)	241.1 (18)	13.2
11	**Bell Atlantic**	13.4	143.0 (7)	327.5 (7)	80.1
12	**Contel**	12.8	139.0 (9)	261.0 (15)	22.4
13	**American Tel & Tel**	9.2	122.8 (17)	128.1 (21)	294.1
13	**United Telecom**	9.2	190.9 (5)	248.3 (17)	39.6
15	**Cincinnati Bell**	9.1	86.5 (21)	132.8 (20)	10.4
16	**GTE**	8.9	109.9 (18)	201.8 (19)	158.5
17	**Nynex**	8.4	137.0 (13)	268.8 (13)	96.4
18	**Tele & Data Systems**	4.4	95.9 (19)	308.5 (9)	2.5
19	**Cellular Commun**	–29.2	140.1 (8)	647.1 (3)	0.6
20	**Metro Mobile CTS**	–73.6	208.8 (3)	560.0 (4)	0.7
21	**McCaw Cellular**	–120.2	210.0 (2)	1,267.2 (1)	2.4
	Industry medians	**13.4**	**138.9**	**306.8**	
CONSTRUCTION-COMMERCIAL BUILDERS					
1	**Centex**	13.4	453.8 (2)	462.6 (1)	4.5
2	**Fluor**	6.1	355.0 (3)	113.6 (5)	19.0
3	**Wheelabrator Tech**	5.9	151.6 (5)	228.4 (4)	9.9
4	**CBI Industries**	2.9	124.6 (6)	113.2 (6)	12.0
5	**Morrison Knudsen**	2.5	171.8 (4)	57.5 (7)	12.6
6	**Rouse**	1.9	96.3 (7)	446.1 (2)	5.1
7	**Turner Corp**	0.8	1 063.2 (1)	256.9 (3)	3.4
	Industry medians	**2.9**	**171.8**	**228.4**	
CONSTRUCTION-RESIDENTIAL BUILDERS					
1	**Kaufman & Broad**	82.9	1,288.4 (1)	1,514.1 (3)	1.0
2	**PHM**	27.0	547.2 (2)	2,094.6 (1)	2.1
3	**Ryland Group**	16.4	524.3 (3)	1,575.1 (2)	2.7
	Industry medians	**27.0**	**547.2**	**1,575.1**	

Rank	Company	Per employee ($000)			Employees (000)
		Profits	Sales (rank)	Assets (rank)	
CONSUMER DURABLES-APPLIANCES					
1	**Maytag**	5.1	118.7 (3)	93.6 (3)	26.0
2	**Whirlpool**	4.7	156.1 (1)	135.8 (2)	39.4
3	**Black & Decker**	–0.4	128.2 (2)	219.0 (1)	28.2
	Industry medians	**4.7**	**128.2**	**135.8**	
CONSUMER DURABLES-AUTOMOBILES & TRUCKS					
1	**Paccar**	18.1	248.7 (5)	229.0 (5)	13.4
2	**Ford Motor**	10.5	262.3 (4)	438.3 (2)	366.6
3	**General Motors**	5.5	163.8 (7)	223.1 (6)	775.1
4	**Fleetwood Enterprises**	4.9	137.2 (8)	65.5 (8)	11.3
5	**Chrysler**	2.9	286.4 (2)	418.5 (3)	121.9
6	**Navistar Intl**	2.2	283.9 (3)	252.2 (4)	14.5
7	**Subaru of America**	–17.6	1,432.4 (1)	569.1 (1)	1.1
8	**Mack Trucks**	–21.4	201.7 (6)	186.2 (7)	8.7
	Industry medians	**3.9**	**255.5**	**240.6**	
CONSUMER DURABLES-AUTOMOTIVE PARTS					
1	**Bandag**	31.8	220.3 (1)	145.6 (3)	2.4
2	**SPX**	16.3	126.4 (6)	114.9 (5)	5.0
3	**Snap-on Tools**	14.3	122.0 (7)	106.5 (6)	7.3
4	**PPG Industries**	13.1	161.5 (3)	159.0 (1)	35.5
5	**Genuine Parts**	12.8	202.2 (2)	82.6 (7)	15.6
6	**Eaton**	5.9	95.8 (11)	79.6 (8)	38.3
7	**Dana**	3.4	133.9 (5)	135.7 (4)	38.5
8	**Masco Industries**	3.2	115.9 (9)	153.7 (2)	14.6
9	**Johnson Controls**	2.8	116.4 (8)	78.7 (10)	33.5
10	**Goodyear**	1.7	97.5 (10)	75.9 (11)	111.5
11	**Arvin Industries**	1.1	88.9 (12)	65.2 (12)	17.3
12	**Cummins Engine**	–0.2	137.1 (4)	79.3 (9)	25.6
	Industry medians	**4.7**	**124.2**	**94.6**	
CONSUMER DURABLES-HOME FURNISHINGS					
1	**Rubbermaid**	13.8	159.8 (1)	108.9 (1)	8.4
2	**Newell Co**	8.3	109.0 (2)	84.6 (2)	10.3
3	**Premark Intl**	3.2	106.5 (3)	72.2 (3)	24.4
4	**Springs Industries**	2.8	81.4 (4)	50.7 (4)	23.5
5	**Interco**	–2.2	61.3 (5)	40.0 (5)	28.7
	Industry medians	**3.2**	**106.5**	**72.2**	
CONSUMER NONDURABLES-APPAREL & SHOES					
1	**Reebok International**	66.2	689.7 (1)	441.5 (1)	2.6
2	**NIKE**	56.4	542.5 (2)	279.5 (2)	3.8
3	**Liz Claiborne**	32.0	274.5 (3)	165.1 (3)	5.1
4	**Russell**	4.9	52.5 (6)	55.0 (5)	13.1
5	**VF**	4.0	57.6 (4)	42.9 (6)	44.0
6	**Fruit of the Loom**	2.9	53.5 (5)	75.9 (4)	24.7
	Industry medians	**18.5**	**166.1**	**120.5**	

The Forbes 500s—Jobs and Productivity

		Per employee ($000)			Employees
Rank	Company	Profits	Sales (rank)	Assets (rank)	(000)
CONSUMER NONDURABLES-PERSONAL PRODUCTS					
1	Clorox	25.8	273.0 (2)	221.0 (2)	5.1
2	Procter & Gamble	17.8	288.7 (1)	229.8 (1)	78.3
3	Scott Paper	13.3	179.6 (4)	203.8 (3)	28.2
4	Johnson & Johnson	13.2	118.7 (8)	96.3 (8)	82.2
5	Colgate-Palmolive	11.5	206.5 (3)	144.9 (4)	24.4
6	Kimberly-Clark	10.9	147.0 (5)	126.2 (6)	39.0
7	Gillette	9.5	127.3 (7)	103.8 (7)	30.0
8	Greyhound Dial	3.0	96.0 (10)	141.3 (5)	36.8
9	Avon Products	1.9	115.8 (9)	73.6 (10)	28.5
10	Tambrands	0.4	131.1 (6)	92.4 (9)	4.5
	Industry medians	**11.2**	**139.1**	**133.8**	
CONSUMER NONDURABLES-PHOTOGRAPHY & TOYS					
1	Polaroid	12.6	165.2 (2)	154.1 (2)	11.5
2	Hasbro	11.2	171.9 (1)	152.0 (3)	8.2
3	Mattel	7.2	112.5 (4)	75.5 (4)	11.0
4	Eastman Kodak	3.7	130.0 (3)	167.1 (1)	141.5
5	Brunswick	–2.6	104.3 (5)	73.2 (5)	27.1
	Industry medians	**7.2**	**130.0**	**152.0**	
ELECTRIC UTILITIES-NORTH CENTRAL					
1	Ohio Edison	51.1	304.8 (6)	1,092.2 (4)	7.1
2	Cincinnati G&E	49.4	296.4 (7)	778.9 (11)	4.9
3	DPL	48.0	336.8 (1)	949.0 (6)	2.8
4	Ipalco Enterprises	41.5	258.7 (13)	773.1 (12)	2.3
5	Minnesota Power & Lt	41.3	215.4 (18)	721.3 (14)	2.2
6	Detroit Edison	40.8	307.0 (4)	953.6 (5)	10.4
7	Union Electric	39.7	279.6 (9)	801.0 (10)	7.2
8	Commonwealth Ed	38.7	320.7 (2)	1,144.1 (3)	17.9
9	Kansas City P&L	37.9	255.0 (14)	913.8 (8)	2.9
10	Wisconsin Energy	34.5	265.3 (10)	589.5 (17)	5.6
11	CMS Energy	32.1	305.0 (5)	887.2 (9)	9.7
12	PSI Holdings	29.7	251.2 (16)	475.1 (18)	4.2
13	Centerior Energy	29.4	253.5 (15)	1,284.4 (1)	9.1
13	No States Power	29.4	263.8 (11)	609.0 (16)	7.5
15	Nipsco Industries	28.1	319.2 (3)	751.4 (13)	4.9
16	American Electric	27.6	225.5 (17)	646.9 (15)	22.8
17	DQE	26.5	262.6 (12)	918.8 (7)	4.3
18	Illinois Power	–64.8	294.8 (8)	1,259.6 (2)	4.5
	Industry medians	**36.2**	**272.5**	**844.1**	
ELECTRIC UTILITIES-NORTHEAST					
1	Philadelphia Elec	52.3	301.7 (7)	1,127.0 (3)	11.3
2	Pennsylvania P&L	43.1	287.1 (10)	925.9 (6)	8.2
3	Pub Svc Enterprise	42.0	372.2 (3)	1,000.7 (5)	12.9
4	Potomac Electric	39.6	257.6 (13)	857.5 (8)	5.4
5	Atlantic Energy	39.4	342.7 (4)	906.4 (7)	2.1
6	NY State E&G	34.9	315.5 (5)	1,031.9 (4)	4.5
7	Delmarva Power & Lt	33.8	292.5 (9)	751.4 (11)	2.7
8	Allegheny Power	33.1	383.8 (1)	753.5 (10)	5.9
9	Baltimore G&E	30.9	223.8 (16)	668.4 (14)	9.0
10	Consolidated Edison	30.4	278.2 (11)	518.7 (16)	20.0
11	New England Electric	25.1	297.2 (8)	744.5 (12)	5.5
12	Northeast Utilities	23.6	256.5 (15)	758.4 (9)	8.6
13	General Public Utils	21.3	219.8 (17)	505.0 (17)	13.2
14	Niagara Mohawk Pwr	13.4	257.5 (14)	671.2 (13)	11.3
15	Boston Edison	–3.5	274.6 (12)	622.6 (15)	4.6
16	Public Service NH	–5.3	309.7 (6)	1,351.7 (2)	2.0
17	Long Island Lighting	–15.3	375.0 (2)	1,361.0 (1)	6.3
	Industry medians	**30.9**	**292.5**	**758.4**	
ELECTRIC UTILITIES-SOUTH CENTRAL					
1	Southwestern Pub Svc	58.1	382.3 (1)	775.6 (6)	2.1
2	Texas Utilities	50.4	279.5 (7)	1,113.9 (3)	15.5
3	Central & So West	36.2	301.6 (5)	987.7 (4)	8.5
4	Oklahoma G&E	35.3	311.2 (4)	688.2 (7)	3.7
5	Houston Industries	34.7	317.9 (3)	979.8 (5)	11.9
6	Gulf States Utils	2.7	330.4 (2)	1,382.6 (1)	4.9
7	Entergy	–35.9	283.0 (6)	1,118.3 (2)	13.2
	Industry medians	**35.3**	**311.2**	**987.7**	
ELECTRIC UTILITIES-SOUTHEAST					
1	Carolina Power & Lt	43.7	288.3 (2)	880.4 (1)	8.6
2	Kentucky Utilities	38.5	248.5 (6)	529.6 (8)	2.1
3	TECO Energy	30.5	241.6 (7)	543.9 (7)	4.4
4	Dominion Resources	30.0	270.2 (4)	805.8 (2)	13.7
5	Duke Power	29.3	186.3 (9)	488.6 (10)	19.5
6	Scana	28.7	262.6 (5)	697.6 (4)	4.3
7	Southern Company	26.8	237.6 (8)	724.6 (3)	31.5
8	Florida Progress	24.2	275.4 (3)	599.3 (6)	7.7
9	FPL Group	21.7	326.1 (1)	650.4 (5)	19.0
10	Louisville G&E	19.6	174.3 (10)	490.7 (9)	3.9
	Industry medians	**29.0**	**255.6**	**624.9**	
ELECTRIC UTILITIES-WESTERN					
1	Idaho Power	56.0	327.7 (5)	1,073.4 (2)	1.5
2	Puget Sound P&L	47.4	357.4 (4)	1,010.1 (3)	2.5
3	SCEcorp	45.8	406.1 (3)	970.1 (5)	17.0
4	San Diego G&E	43.4	482.6 (2)	821.9 (6)	4.3
5	Pacific G&E	34.1	325.3 (6)	808.8 (7)	26.4
6	PacifiCorp	29.2	233.0 (11)	745.6 (9)	16.0
6	Washington Water	29.2	238.6 (10)	563.2 (11)	2.5
8	Public Service NM	26.4	292.9 (7)	768.0 (8)	3.1
9	Public Service Colo	22.5	263.5 (9)	460.9 (13)	6.6
10	Hawaiian Electric	20.3	280.5 (8)	993.1 (4)	3.2
11	Montana Power	20.1	205.6 (12)	526.5 (12)	3.7
12	Pinnacle West	–51.5	140.9 (13)	654.2 (10)	10.7
13	Tucson Electric	–77.4	560.1 (1)	2,740.6 (1)	1.1
	Industry medians	**29.2**	**292.9**	**808.8**	

The Forbes 500s—Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales (rank)	Assets (rank)	Employees (000)
ENERGY-GAS DISTRIBUTORS					
1	**Nicor**	31.1	421.2 (1)	555.0 (2)	3.9
2	**Peoples Energy**	24.9	366.6 (2)	481.1 (3)	3.4
3	**Kansas Power & Light**	16.0	248.2 (4)	431.1 (4)	4.5
4	**Southwest Gas**	15.0	296.5 (3)	1,301.3 (1)	2.8
	Industry medians	**20.5**	**331.6**	**518.1**	
ENERGY-GAS PRODUCERS & PIPELINERS					
1	**Burlington Resources**	73.9	276.8 (7)	984.0 (4)	6.2
2	**Enron**	34.6	1,503.5 (1)	1,391.7 (1)	6.5
3	**Sonat**	23.4	382.5 (6)	663.2 (7)	4.7
4	**Transco Energy**	22.8	605.4 (3)	832.4 (5)	4.9
5	**Williams Cos**	15.4	505.0 (5)	1,146.8 (3)	3.4
6	**Coastal Corp**	13.4	651.3 (2)	690.8 (6)	12.7
7	**Panhandle Eastern**	12.5	593.1 (4)	1,336.2 (2)	4.7
	Industry medians	**22.8**	**593.1**	**984.0**	
ENERGY-INTEGRATED GAS					
1	**Consol Natural Gas**	24.5	377.3 (1)	619.5 (1)	7.4
2	**Columbia Gas System**	13.5	296.7 (3)	544.2 (3)	10.8
3	**Enserch**	6.5	241.6 (4)	286.7 (4)	11.4
4	**Pacific Enterprises**	5.0	160.2 (5)	173.5 (5)	42.2
5	**Arkla**	–12.8	341.5 (2)	591.1 (2)	6.6
	Industry medians	**6.5**	**296.7**	**544.2**	
ENERGY-INTERNATIONAL OIL					
1	**Texaco**	61.2	821.5 (2)	649.9 (2)	39.4
2	**Amoco**	30.1	447.6 (5)	568.4 (4)	53.5
3	**Exxon**	29.0	845.4 (1)	811.9 (1)	102.5
4	**Mobil**	26.3	730.5 (3)	568.4 (4)	68.8
5	**Occidental Petroleum**	4.8	378.6 (6)	391.3 (6)	53.0
6	**Chevron**	4.6	542.7 (4)	624.6 (3)	54.3
	Industry medians	**27.7**	**636.6**	**596.5**	
ENERGY-OILFIELD SERVICES					
1	**Dresser Industries**	5.2	128.2 (1)	96.9 (2)	31.1
2	**Baker Hughes**	4.4	111.7 (2)	98.7 (1)	21.0
3	**Halliburton**	2.1	89.2 (3)	67.2 (3)	63.5
	Industry medians	**4.4**	**111.7**	**96.9**	
ENERGY-OTHER OIL & GAS					
1	**Union Texas Petrol**	91.3	519.0 (8)	909.9 (4)	1.9
2	**Atlantic Richfield**	72.6	570.7 (6)	827.5 (5)	26.9
3	**Louisiana Land**	71.8	1,091.7 (2)	1,836.8 (2)	0.7
4	**Anadarko Petroleum**	65.5	493.2 (9)	2,118.9 (1)	0.7
5	**Amerada Hess**	54.5	639.5 (4)	785.7 (6)	8.7
6	**American Petrofina**	32.7	833.0 (3)	687.3 (8)	3.6
7	**Tosco**	32.0	1,138.8 (1)	741.4 (7)	1.3
8	**Mapco**	21.1	367.7 (15)	268.4 (16)	5.5
9	**Kerr-McGee**	19.9	392.9 (12)	424.1 (13)	7.9
10	**USX**	18.0	327.0 (16)	326.4 (15)	53.6
11	**Oryx Energy**	17.7	373.8 (13)	1,372.1 (3)	3.1
12	**Unocal**	14.6	566.2 (7)	521.2 (10)	17.8
13	**Diamond Shamrock**	13.4	465.7 (10)	228.6 (17)	4.5
14	**Murphy Oil**	10.5	373.2 (14)	468.6 (12)	4.4
15	**Phillips Petroleum**	10.2	578.7 (5)	526.0 (9)	21.4
16	**Pennzoil**	10.0	225.1 (17)	471.7 (11)	10.4
17	**Sun Company**	4.6	457.0 (11)	405.5 (14)	21.5
18	**Ashland Oil**	0.3	213.5 (18)	118.5 (18)	37.7
	Industry medians	**19.0**	**479.5**	**523.6**	
ENTERTAINMENT & INFORMATION-BROADCASTING					
1	**BHC Commun**	961.8	292.7 (4)	1,815.6 (1)	0.8
2	**LIN Broadcasting**	63.7	278.6 (5)	736.7 (3)	0.9
3	**CBS**	44.3	442.0 (1)	692.2 (4)	6.7
4	**Viacom**	28.2	308.9 (3)	807.1 (2)	4.7
5	**Capital Cities/ABC**	24.5	250.5 (6)	321.3 (8)	19.8
6	**Tele-Communications**	–8.3	97.1 (7)	367.0 (7)	31.2
6	**Turner Broadcasting**	–8.3	318.3 (2)	635.8 (5)	3.3
8	**Comcast**	–24.8	93.8 (8)	430.5 (6)	6.0
	Industry medians	**26.4**	**285.7**	**664.0**	
ENTERTAINMENT & INFORMATION-MOVIES					
1	**King World Prods**	367.8	2,010.7 (1)	1,881.3 (1)	0.2
2	**Paramount Commun**	120.1	293.5 (2)	589.3 (2)	11.8
3	**Walt Disney**	17.0	112.5 (4)	160.1 (5)	43.0
4	**MCA**	11.1	194.9 (3)	242.7 (3)	17.4
5	**UA Entertainment**	–4.7	55.0 (5)	212.3 (4)	19.4
	Industry medians	**17.0**	**194.9**	**242.7**	
ENTERTAINMENT & INFORMATION-PUBLISHING					
1	**Dow Jones**	33.5	178.6 (4)	284.5 (2)	9.4
2	**Washington Post**	31.4	229.2 (3)	243.2 (4)	6.3
3	**New York Times**	25.0	166.1 (5)	205.4 (5)	10.7
4	**Readers Digest Assn**	23.1	257.1 (2)	194.4 (6)	7.4
5	**Tribune**	14.2	143.6 (6)	178.4 (7)	17.1
6	**Knight-Ridder**	11.7	107.2 (12)	100.9 (13)	21.2
7	**Gannett**	10.8	95.7 (13)	102.9 (12)	36.8
8	**Times Mirror**	10.5	121.9 (10)	138.4 (10)	28.5
9	**Harcourt Brace**	9.8	125.4 (8)	247.1 (3)	10.7
10	**EW Scripps**	9.1	128.6 (7)	158.9 (8)	9.9
11	**RR Donnelley & Sons**	8.5	119.6 (11)	96.1 (14)	26.1
12	**Dun & Bradstreet**	8.3	61.3 (15)	73.5 (15)	70.5
13	**Interpublic Group**	4.8	82.3 (14)	117.6 (11)	14.8
14	**American Greetings**	3.2	59.4 (16)	54.0 (16)	21.3
15	**McGraw-Hill**	2.7	122.9 (9)	151.6 (9)	14.6
16	**Time Warner**	–9.5	284.8 (1)	923.9 (1)	26.8
	Industry medians	**10.2**	**124.2**	**155.3**	
FINANCIAL SERVICES-BROKERAGE & COMMODITY					
1	**Morgan Stanley**	67.9	893.4 (2)	8,162.3 (2)	6.5
2	**Salomon**	54.3	1,040.3 (1)	13,670.5 (1)	8.7
3	**Bear Stearns Cos**	23.3	404.2 (3)	5,961.6 (3)	6.0
4	**Charles Schwab**	7.5	219.1 (6)	1,378.3 (6)	2.5
5	**PaineWebber Group**	4.0	226.4 (5)	1,709.6 (4)	12.9
6	**Merrill Lynch**	–5.1	273.1 (4)	1,540.8 (5)	41.5
	Industry medians	**15.4**	**338.7**	**3,835.6**	

The Forbes 500s—Jobs and Productivity

		Per employee ($000)			Employees
Rank	Company	Profits	Sales (rank)	Assets (rank)	(000)
FINANCIAL SERVICES-LEASE & FINANCE					
1	MBIA	448.8	752.9 (3)	7,832.5 (4)	0.2
2	Federal Natl Mortgage	322.9	4,622.9 (1)	49,725.9 (1)	2.5
3	Student Loan	142.1	1,809.4 (2)	19,574.4 (2)	1.8
4	Dreyfus	112.5	207.1 (11)	704.5 (10)	1.3
5	Franklin Resources	44.5	142.1 (12)	231.1 (12)	1.9
6	H&R Block	32.5	295.3 (5)	170.9 (13)	3.3
7	GATX	23.5	250.6 (8)	1,092.9 (8)	2.8
8	Household Intl	18.3	266.4 (7)	1,997.2 (5)	13.1
9	Beneficial Corp	17.3	225.5 (10)	1,134.0 (7)	7.0
10	Primerica	14.1	277.8 (6)	875.9 (9)	20.5
11	American Express	11.1	241.1 (9)	1,259.9 (6)	103.9
12	Landmark Land	–0.1	123.0 (13)	653.9 (11)	4.5
13	DCNY Corp	–4.4	654.7 (4)	9,019.3 (3)	0.4
	Industry medians	**23.5**	**266.4**	**1,134.0**	
FINANCIAL SERVICES-MULTINATIONAL BANKS					
1	Continental Bank	21.7	471.5 (3)	4,350.6 (2)	6.8
2	First Chicago	21.0	324.3 (8)	2,799.3 (5)	17.1
3	BankAmerica	15.1	209.9 (10)	1,820.3 (10)	54.3
4	Citicorp	5.5	419.6 (4)	2,548.5 (7)	90.5
5	Bank of Boston	3.7	357.4 (6)	2,045.8 (9)	19.2
6	Chase Manhattan	–16.0	334.3 (7)	2,581.6 (6)	41.6
7	Chemical Banking	–17.1	291.9 (9)	2,537.5 (8)	28.2
8	Mfrs Hanover	–27.3	384.9 (5)	2,804.6 (4)	21.6
9	Bankers Trust NY	–75.4	558.7 (2)	4,284.4 (3)	13.0
10	JP Morgan & Co	–86.2	703.0 (1)	6,017.2 (1)	14.8
	Industry medians	**–6.2**	**371.2**	**2,690.5**	
FINANCIAL SERVICES-REGIONAL BANKS					
1	Citizens First Bncp	38.1	404.0 (2)	3,150.7 (4)	1.0
2	Wilmington Trust	31.6	201.7 (34)	1,971.6 (32)	1.9
3	Wells Fargo	30.7	288.2 (6)	2,486.6 (8)	19.6
4	Michigan National	28.2	199.4 (36)	1,807.9 (54)	6.4
5	Fifth Third Bancorp	28.1	199.4 (36)	1,853.4 (46)	3.9
5	Summit Bancorp	28.1	228.6 (16)	2,081.6 (22)	1.9
7	City National	27.0	217.2 (23)	2,145.6 (19)	2.2
8	Dauphin Deposit	26.5	196.7 (39)	1,945.5 (34)	1.7
9	First Hawaiian	25.6	211.3 (28)	2,265.8 (13)	2.2
10	Mercantile Bkshs	24.9	173.8 (75)	1,613.7 (78)	2.5
11	CoreStates Financial	23.7	225.3 (18)	2,010.1 (29)	8.4
12	Bancorp Hawaii	21.8	207.5 (29)	2,266.2 (12)	3.7
13	Hibernia	21.7	244.4 (12)	2,353.0 (11)	2.8
14	Signet Banking	21.5	239.2 (14)	2,174.7 (17)	5.7
15	PNC Financial	21.3	262.7 (9)	2,582.5 (7)	17.7
16	NBD Bancorp	20.9	205.5 (31)	2,083.9 (21)	12.4
17	Sumitomo Bank Calif	20.8	267.5 (7)	2,689.9 (6)	1.6
18	Northern Trust	20.5	223.2 (19)	1,985.1 (31)	5.5
19	Fourth Financial	20.3	179.3 (66)	1,877.2 (39)	1.7
20	Natl Community Bks	20.2	173.0 (77)	1,804.7 (55)	2.2
21	Banc One	20.1	182.5 (60)	1,531.7 (91)	17.3
22	MNC Financial	20.0	246.0 (10)	2,080.7 (23)	12.3
23	Fleet/Norstar Finl	19.8	195.4 (41)	1,786.2 (56)	18.7
23	INB Financial	19.8	216.5 (25)	2,019.7 (28)	3.0
25	First Empire State	19.7	243.5 (13)	2,419.0 (10)	2.6
26	First Wachovia	19.6	177.0 (69)	1,749.7 (63)	13.7
27	Midlantic	19.4	218.2 (21)	2,226.3 (15)	10.6
28	Ameritrust	19.3	200.0 (35)	1,871.6 (41)	6.0
29	Manufacturers Natl	19.0	194.4 (43)	1,822.5 (50)	5.7
30	Huntington Bcshs	18.8	201.9 (33)	2,033.7 (26)	5.7
31	UJB Financial	18.5	191.2 (46)	1,900.4 (36)	6.4
32	Old Kent Financial	18.4	186.1 (56)	1,752.3 (61)	4.6
32	Sovran Financial	18.4	181.6 (62)	1,742.3 (65)	14.6
32	Union Bank	18.4	218.0 (22)	2,031.1 (27)	7.6
35	Society	18.3	189.7 (48)	1,815.4 (52)	6.0
36	Security Pacific	18.1	245.1 (11)	2,053.3 (25)	40.9
37	National City	18.0	174.1 (74)	1,570.6 (87)	14.6
38	First Bncp Ohio	17.5	148.8 (97)	1,509.4 (93)	2.2
39	Liberty National	17.3	183.7 (59)	1,839.5 (48)	1.9
40	Central Bancshares	17.2	195.2 (42)	1,855.0 (45)	2.4
40	SouthTrust	17.2	180.2 (65)	1,833.1 (49)	4.2
42	Crestar Financial	17.1	193.5 (45)	1,865.5 (43)	6.1
42	Riggs National	17.1	300.9 (5)	3,177.6 (2)	2.3
44	Dominion Bankshares	16.9	190.0 (47)	1,815.5 (51)	5.6
45	SunTrust Banks	16.8	164.3 (86)	1,547.7 (90)	20.1
46	NCNB	16.6	227.9 (17)	2,451.3 (9)	27.0
47	First City Bncp Texas	16.5	214.7 (27)	2,072.9 (24)	6.8
48	Central Fidelity Bks	16.2	159.7 (90)	1,587.4 (84)	3.4
48	Commerce Bcshs	16.2	156.3 (94)	1,603.6 (80)	3.6
48	FirsTier Financial	16.2	195.6 (40)	2,099.4 (20)	1.3
48	Star Banc	16.2	177.9 (68)	1,663.7 (73)	3.6
52	Baltimore Bancorp	15.9	309.3 (4)	3,170.1 (3)	1.1
52	First Alabama Bcshs	15.9	144.2 (102)	1,409.6 (100)	3.9
54	Bank South	15.8	186.5 (54)	1,686.8 (71)	3.0
55	US Bancorp	15.6	172.5 (78)	1,750.9 (62)	9.7
56	Citizens & Southern	15.5	159.6 (91)	1,520.2 (92)	15.3
57	First of America Bank	15.4	164.1 (88)	1,608.3 (79)	8.0
58	BB&T Financial	15.3	176.3 (71)	1,657.3 (74)	2.9
58	First Virginia Banks	15.3	121.1 (112)	1,161.1 (111)	4.4
60	Boatmen's Bancshares	15.2	173.3 (76)	1,707.5 (70)	8.5
60	South Carolina Natl	15.2	168.8 (83)	1,592.9 (83)	3.9
62	Norwest	15.1	186.6 (52)	1,550.2 (89)	15.7
63	Marshall & Ilsley	14.7	134.5 (108)	1,228.5 (109)	5.8
63	Trustmark	14.7	161.3 (89)	1,630.0 (76)	1.9
65	Meridian Bancorp	14.4	184.8 (58)	1,878.9 (38)	6.3
66	Barnett Banks	14.2	167.9 (84)	1,603.5 (81)	18.1
67	Deposit Guaranty	14.1	172.2 (79)	1,674.1 (72)	2.2
68	State Street Boston	13.9	146.4 (100)	1,338.0 (106)	7.5
69	United Missouri Bcsh	13.8	140.8 (103)	1,477.0 (96)	2.7
70	First Union	13.7	176.7 (70)	1,713.9 (67)	18.7
71	Firstar	13.1	138.3 (106)	1,288.8 (107)	6.7
71	KeyCorp	13.1	157.2 (93)	1,480.4 (94)	10.4
73	Merchants National	13.0	169.7 (82)	1,755.3 (60)	3.2
73	Multibank Financial	13.0	263.6 (8)	1,841.6 (47)	1.7

Rank	Company	Per employee ($000) Profits	Per employee ($000) Sales (rank)	Per employee ($000) Assets (rank)	Employees (000)
73	Security Bancorp	13.0	140.2 (104)	1,239.2 (108)	2.2
76	AmSouth Bancorp	12.6	178.0 (67)	1,713.1 (68)	5.0
76	Valley Bancorp	12.6	133.7 (109)	1,339.8 (105)	2.4
78	First Fidelity Bncp	11.6	216.9 (24)	2,226.7 (14)	13.8
79	First Commerce	11.5	186.4 (55)	1,903.5 (35)	2.4
80	Southern Natl	11.4	148.8 (97)	1,401.9 (103)	2.1
80	West One Bancorp	11.4	146.0 (101)	1,478.5 (95)	2.9
82	Comerica	11.3	181.6 (62)	1,764.4 (58)	6.9
83	BayBanks	11.1	194.2 (44)	1,737.0 (66)	5.7
83	Puget Sound Bancorp	11.1	182.0 (61)	1,707.9 (69)	2.5
85	Banco Popular PR	11.0	123.7 (111)	1,170.0 (110)	5.1
85	Equimark	11.0	220.4 (20)	1,875.2 (40)	2.0
87	Mellon Bank	10.8	215.3 (26)	1,884.3 (37)	16.7
88	First Security	10.5	147.2 (99)	1,404.8 (102)	4.1
89	Independence Bancorp	10.3	186.8 (50)	1,860.6 (44)	1.5
90	First Florida Banks	10.0	139.9 (105)	1,413.4 (99)	3.9
91	Southeast Banking	9.7	206.2 (30)	1,996.8 (30)	8.3
92	BanPonce	9.4	148.9 (96)	1,405.8 (101)	2.2
92	Integra Financial	9.4	188.2 (49)	1,778.2 (57)	3.8
94	Sunwest Financial	8.8	136.0 (107)	1,355.4 (104)	2.3
95	First Citizens Bcshs	7.4	102.2 (113)	1,005.4 (113)	3.7
96	First Tennessee Natl	7.1	174.6 (73)	1,575.7 (85)	4.1
97	Zions Bancorporation	6.9	158.5 (92)	1,469.3 (97)	2.0
98	Republic New York	6.6	702.8 (1)	6,952.5 (1)	3.7
99	United Banks of Colo	4.8	170.2 (81)	1,629.3 (77)	3.7
100	Bank of New York	3.1	336.7 (3)	2,992.7 (5)	16.3
101	Colorado Natl Bkshs	1.7	129.7 (110)	1,145.1 (112)	2.7
102	Cullen/Frost Bankers	1.4	186.6 (52)	1,869.4 (42)	1.9
103	First American Corp	1.1	186.7 (51)	1,755.8 (59)	4.0
104	Northeast Bancorp	0.3	197.5 (38)	1,810.0 (53)	1.9
105	First Bank System	0.2	234.4 (15)	1,951.8 (33)	10.7
106	Mercantile Bancorp	0.1	172.0 (80)	1,602.9 (82)	4.3
107	First Interstate Bncp	–4.2	181.4 (64)	1,639.1 (75)	36.0
108	Union Planters	–8.6	167.5 (85)	1,553.2 (88)	2.6
109	Shawmut National	–10.0	176.0 (72)	2,172.1 (18)	12.9
110	Valley National	–20.4	164.2 (87)	1,438.1 (98)	7.3
111	Premier Bancorp	–39.3	155.7 (95)	1,573.0 (86)	2.7
112	Whitney Holding	–47.2	185.6 (57)	2,176.6 (16)	1.3
113	Bank of New England	–65.3	203.9 (32)	1,745.2 (64)	17.1
	Industry medians	**15.4**	**185.6**	**1,778.2**	

FINANCIAL SERVICES-THRIFT INSTITUTIONS

Rank	Company	Per employee ($000) Profits	Per employee ($000) Sales (rank)	Per employee ($000) Assets (rank)	Employees (000)
1	Golden West Finl	55.6	683.7 (5)	6,875.9 (4)	2.8
2	Bay View Capital	44.7	802.6 (2)	7,849.7 (3)	0.4
3	Society for Savings	36.5	426.0 (19)	3,505.7 (28)	1.3
4	HomeFed	24.7	404.7 (23)	3,791.4 (24)	4.7
5	Standard Fedl Bank	21.7	462.5 (14)	4,589.7 (11)	2.1
6	HF Ahmanson	17.3	390.5 (24)	3,988.9 (20)	11.2
7	Greater NY Savings	17.1	416.2 (21)	4,348.9 (13)	0.7
8	GlenFed	16.1	379.5 (26)	3,508.2 (27)	7.2
9	Apple Bancorp	15.2	259.3 (43)	2,768.7 (41)	1.4
10	CalFed	13.6	510.1 (10)	4,311.2 (16)	6.1
11	Rochester Community	12.9	282.8 (41)	2,556.0 (43)	1.6
12	Great Lakes Bancorp	12.6	352.4 (29)	3,105.8 (36)	1.1
13	Citizens Savings	12.5	411.1 (22)	4,106.3 (17)	1.0
14	People's Bank	12.3	267.9 (42)	2,671.1 (42)	2.6
15	St Paul Bancorp	11.1	334.8 (32)	3,498.9 (29)	1.0
16	Talman Home Federal	10.8	304.1 (38)	3,245.8 (33)	1.9
17	Citadel Holding	9.9	586.7 (7)	6,073.9 (7)	0.8
17	Washington Mutual	9.9	331.0 (34)	3,307.0 (32)	2.0
19	Gt Western Financial	7.9	301.1 (39)	2,927.3 (39)	12.7
20	FirstFed Michigan	6.1	666.5 (6)	6,622.7 (5)	1.7
21	TCF Financial	4.8	232.3 (44)	2,024.7 (47)	2.3
22	Perpetual Financial	2.7	382.0 (25)	3,491.8 (30)	1.7
23	Downey S&L Assn	2.5	350.0 (30)	3,743.1 (25)	1.1
24	American Savings	1.8	333.4 (33)	3,444.9 (31)	1.3
25	Northeast Savings FA	0.3	506.8 (11)	3,972.0 (21)	1.4
26	Old Stone	–8.6	211.0 (46)	1,756.6 (48)	2.4
27	SFFed Corp	–10.1	488.0 (13)	3,955.5 (22)	0.9
28	American Capital	–10.8	326.9 (35)	3,047.8 (37)	2.0
29	Fortune Financial	–11.2	376.1 (27)	3,825.4 (23)	0.8
30	FarWest Financial	–15.0	750.1 (3)	6,391.4 (6)	0.7
31	Meritor Savings Bank	–17.1	367.6 (28)	3,515.0 (26)	3.6
32	Anchor Savings Bank	–17.2	306.5 (36)	3,244.4 (34)	2.8
33	Enstar Group	–25.1	109.8 (49)	932.4 (49)	6.0
34	Homestead Financial	–26.4	506.2 (12)	4,053.9 (18)	0.7
35	Howard Savings Bank	–27.4	210.3 (47)	2,106.7 (46)	2.4
36	Dime Savings Bank	–33.3	426.3 (18)	4,315.6 (15)	2.7
37	Coast Savings Finl	–34.4	571.9 (8)	5,215.1 (9)	2.2
37	Great American Bank	–34.4	441.9 (16)	4,457.7 (12)	3.6
39	Commercial Federal	–34.9	455.8 (15)	4,697.4 (10)	1.3
40	Finl Cp Santa Barbara	–35.0	536.3 (9)	5,527.9 (8)	0.9
41	Farm & Home Finl	–38.5	432.3 (17)	4,333.1 (14)	0.7
42	Florida Federal	–46.4	288.9 (40)	2,999.1 (38)	1.6
43	CrossLand Savings FSB	–54.7	424.3 (20)	4,025.8 (19)	3.5
44	Goldome	–61.5	335.2 (31)	3,160.5 (35)	4.1
45	Western Capital Inv	–64.0	210.0 (48)	2,238.6 (44)	1.5
46	Valley Federal S&L	–65.9	305.9 (37)	2,866.6 (40)	1.1
47	AmeriFirst Bank	–70.0	219.2 (45)	2,147.8 (45)	1.9
48	Seamen's	–397.8	688.9 (4)	9,581.5 (2)	0.4
49	Columbia S&L Assn	–656.7	1,457.8 (1)	13,549.9 (1)	0.9
	Industry medians	**0.3**	**382.0**	**3,743.1**	

FOOD, DRINK & TOBACCO-BEVERAGES

Rank	Company	Per employee ($000) Profits	Per employee ($000) Sales (rank)	Per employee ($000) Assets (rank)	Employees (000)
1	Coca-Cola	86.8	451.3 (1)	416.9 (1)	19.9
2	Anheuser-Busch Cos	18.5	228.0 (2)	217.1 (3)	41.6
3	Brown-Forman	14.0	178.1 (4)	177.0 (4)	5.6
4	PepsiCo	3.6	60.8 (6)	60.4 (6)	250.5
5	Coca-Cola Enterprises	3.4	184.9 (3)	225.3 (2)	21.0
6	Adolph Coors	1.2	167.2 (5)	145.1 (5)	10.6
	Industry medians	**8.8**	**181.5**	**197.1**	

The Forbes 500s—Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales	(rank)	Assets	(rank)	Employees (000)
FOOD, DRINK & TOBACCO-FOOD DISTRIBUTORS							
1	Super Food Services	7.7	816.1	(1)	138.0	(1)	2.1
2	Sysco	6.4	391.4	(3)	107.3	(3)	18.7
3	Super Valu Stores	3.8	292.1	(5)	71.1	(5)	37.7
4	Fleming Cos	3.4	508.2	(2)	113.5	(2)	23.7
5	Wetterau	3.3	370.4	(4)	74.7	(4)	14.0
6	Nash Finch	1.2	208.7	(6)	35.7	(6)	10.7
7	Marriott	0.8	32.8	(7)	29.3	(8)	229.8
8	TW Holdings	–0.5	30.3	(8)	31.5	(7)	115.0
	Industry medians	**3.4**	**331.3**		**72.9**		
FOOD, DRINK & TOBACCO-FOOD PROCESSORS							
1	Archer Daniels	48.6	780.5	(1)	530.2	(1)	9.9
2	Kellogg	24.3	267.9	(4)	195.2	(3)	17.4
3	Wm Wrigley Jr	18.9	176.5	(10)	88.6	(15)	5.6
4	Pioneer Hi-Bred Intl	18.1	204.9	(7)	267.5	(2)	4.2
5	McCormick & Co	17.9	165.0	(11)	114.4	(7)	7.6
6	Hershey Foods	14.3	202.6	(8)	151.8	(4)	12.0
7	HJ Heinz	12.9	160.2	(14)	119.1	(6)	37.6
8	CPC International	10.0	155.4	(15)	112.8	(8)	32.8
9	Geo A Hormel	8.9	301.3	(2)	89.5	(14)	8.0
10	Dean Foods	8.4	244.3	(5)	97.2	(12)	7.3
11	Whitman	7.7	161.8	(13)	150.9	(5)	24.6
12	Gerber Products	6.3	77.2	(22)	48.6	(21)	14.7
12	Quaker Oats	6.3	181.9	(9)	99.2	(11)	31.5
14	Ralston Purina	6.2	121.4	(17)	79.6	(17)	56.5
15	Sara Lee	4.7	125.3	(16)	77.1	(18)	93.8
16	ConAgra	4.6	294.7	(3)	110.0	(9)	49.1
17	General Mills	4.3	78.1	(21)	40.1	(22)	79.1
18	Intl Multifoods	3.1	224.4	(6)	91.6	(13)	9.0
19	Tyson Foods	3.0	86.1	(20)	76.0	(19)	34.1
20	Castle & Cooke	2.2	62.5	(23)	52.2	(20)	43.5
21	Chiquita Brands	1.6	88.9	(19)	37.5	(23)	43.0
22	Campbell Soup	0.7	115.7	(18)	84.2	(16)	51.9
23	Borden	–1.3	163.3	(12)	103.8	(10)	46.5
	Industry medians	**6.3**	**163.3**		**97.2**		
FOOD, DRINK & TOBACCO-TOBACCO							
1	UST Inc	57.1	200.7	(3)	190.7	(4)	3.3
2	Loews	35.3	432.8	(1)	1,263.9	(1)	25.7
3	Philip Morris Cos	18.9	250.1	(2)	247.0	(2)	156.0
4	American Brands	13.1	151.2	(4)	237.1	(3)	48.1
5	Universal	2.4	145.1	(5)	72.0	(5)	20.0
	Industry medians	**18.9**	**200.7**		**237.1**		
FOREST PRODUCTS-PACKAGING							
1	Temple-Inland	18.0	184.7	(2)	630.3	(1)	11.5
2	Stone Container	10.3	191.5	(1)	224.8	(2)	27.8
3	Crown Cork & Seal	6.9	139.8	(3)	121.2	(3)	13.7
3	Sonoco Products	6.9	110.7	(4)	66.5	(4)	15.0
	Industry medians	**8.6**	**162.3**		**173.0**		

Rank	Company	Per employee ($000) Profits	Sales	(rank)	Assets	(rank)	Employees (000)
FOREST PRODUCTS-PAPER & LUMBER							
1	Consolidated Papers	36.8	208.7	(7)	238.1	(5)	4.6
2	Federal Paper Board	34.5	220.2	(4)	316.4	(3)	6.0
3	Bowater	28.3	284.3	(1)	447.9	(1)	5.1
4	PH Glatfelter	27.0	174.0	(10)	159.8	(15)	3.4
5	Willamette Inds	20.4	202.4	(8)	171.6	(13)	9.3
6	Potlatch	18.7	168.0	(12)	230.8	(6)	7.3
7	Union Camp	16.1	148.6	(16)	184.0	(11)	18.6
8	Georgia-Pacific	15.0	231.2	(2)	160.4	(14)	44.0
9	Westvaco	14.9	155.8	(13)	201.8	(9)	14.9
10	Louisiana-Pacific	14.8	154.6	(14)	156.3	(16)	13.0
11	International Paper	14.5	191.2	(9)	194.7	(10)	59.5
12	Champion Intl	14.4	172.1	(11)	251.0	(4)	30.0
13	Boise Cascade	13.6	220.3	(3)	210.4	(8)	19.7
14	St Joe Paper	12.1	114.5	(17)	230.8	(6)	5.6
15	Mead	10.1	215.5	(6)	175.2	(12)	21.4
16	Weyerhaeuser	7.4	219.2	(5)	346.6	(2)	46.1
17	James River Corp Va	6.0	149.9	(15)	145.2	(17)	40.5
	Industry medians	**14.9**	**191.2**		**201.8**		
HEALTH-DRUGS							
1	Merck	45.0	197.3	(7)	203.5	(9)	33.2
2	Eli Lilly	34.2	152.1	(9)	213.0	(7)	27.5
3	ALZA Corp	29.0	126.3	(16)	445.1	(3)	0.6
4	Genentech	25.0	218.4	(6)	405.2	(4)	1.8
5	Abbott Laboratories	21.6	135.0	(14)	121.8	(15)	39.8
5	American Home Prods	21.6	131.9	(15)	111.1	(16)	51.1
5	Schering-Plough	21.6	144.5	(10)	165.4	(11)	21.9
8	Pfizer	16.4	136.7	(13)	200.6	(10)	41.5
9	Bergen Brunswig	14.7	1,126.9	(2)	356.9	(5)	3.7
10	Bristol-Myers Squibb	13.9	171.3	(8)	158.4	(12)	53.7
11	Warner-Lambert	12.3	125.2	(17)	85.4	(17)	33.5
12	Marion Merrell Dow	11.7	273.1	(5)	468.3	(2)	3.9
13	Rorer Group	10.2	139.7	(12)	211.8	(8)	8.5
14	Upjohn	8.5	141.1	(11)	157.6	(13)	20.6
15	Bindley Western Inds	8.0	3,982.3	(1)	694.5	(1)	0.4
16	McKesson	6.7	481.2	(3)	152.9	(14)	15.8
17	National Intergroup	4.0	460.0	(4)	259.7	(6)	6.5
	Industry medians	**14.7**	**152.1**		**203.5**		
HEALTH-HEALTH CARE SERVICES							
1	Community Psych	13.8	61.0	(2)	91.0	(1)	5.2
2	Humana	5.5	85.1	(1)	71.9	(2)	52.3
3	National Medical	2.2	54.2	(3)	56.3	(3)	73.1
4	Beverly Enterprises	–1.0	20.8	(4)	16.2	(4)	101.0
	Industry medians	**3.9**	**57.6**		**64.1**		
HEALTH-MEDICAL SUPPLIES							
1	St Jude Medical	121.8	354.0	(1)	482.6	(1)	0.4
2	Medtronic	17.1	132.6	(3)	135.1	(3)	6.0
3	Becton Dickinson	10.8	93.1	(7)	117.6	(7)	19.7
4	Bausch & Lomb	10.2	108.5	(6)	127.0	(5)	11.3
5	Corning	9.6	90.7	(8)	124.9	(6)	26.9

The Forbes 500s—Jobs and Productivity

Rank	Company	Per employee ($000)					Employees (000)
		Profits	Sales	(rank)	Assets	(rank)	
6	Hillenbrand Inds	8.3	126.5	(4)	112.2	(8)	9.0
7	Baxter International	6.9	114.7	(5)	131.8	(4)	64.5
8	Henley Group	–16.4	137.4	(2)	300.6	(2)	11.4
	Industry medians	**9.9**	**120.6**		**129.4**		
INSURANCE-DIVERSIFIED							
1	General Re	252.4	1,168.8	(1)	4,381.9	(1)	2.4
2	Cincinnati Financial	67.3	573.2	(2)	1,501.2	(7)	1.7
3	American Intl Group	42.6	440.8	(5)	1,437.5	(8)	32.1
4	American General	34.9	317.8	(11)	2,410.7	(2)	13.3
5	Safeco	34.5	322.7	(10)	1,066.4	(12)	8.7
6	Kemper	30.7	277.4	(12)	1,269.6	(9)	10.0
7	Aon	26.6	265.7	(13)	1,046.4	(13)	8.8
8	Old Republic Intl	20.9	248.3	(14)	660.1	(14)	4.7
9	Transamerica	18.5	380.7	(7)	1,662.4	(4)	18.0
10	Lincoln National	16.9	506.8	(3)	1,572.3	(5)	15.9
11	Aetna Life & Cas	14.1	434.2	(6)	1,922.7	(3)	45.3
12	Marsh & McLennan	12.7	104.6	(15)	87.7	(16)	23.2
13	Cigna	11.7	325.1	(9)	1,200.1	(10)	48.1
14	Travelers	11.5	338.5	(8)	1,528.7	(6)	37.0
15	Alexander & Alexander	3.7	77.3	(16)	161.3	(15)	16.2
16	Reliance Group	2.4	440.9	(4)	1,142.9	(11)	9.1
	Industry medians	**19.7**	**331.8**		**1,353.6**		
INSURANCE-LIFE & HEALTH							
1	Conseco	94.4	1,318.0	(2)	10,356.8	(3)	0.5
2	First Capital Holding	70.7	990.7	(4)	9,626.1	(4)	1.0
3	First Executive	50.1	2,183.0	(1)	18,299.7	(1)	1.0
4	Broad	46.2	995.6	(3)	11,824.6	(2)	0.6
5	USLife	39.0	583.2	(6)	2,107.1	(8)	2.1
6	UNUM	38.2	476.1	(9)	2,105.9	(9)	4.1
7	Torchmark	35.4	273.5	(12)	824.1	(15)	6.0
8	Capital Holding	34.5	312.5	(11)	1,871.3	(12)	8.0
9	Jefferson-Pilot	31.0	256.9	(15)	1,020.4	(13)	4.4
10	Provident Life & Acc	27.9	497.7	(7)	2,235.3	(7)	5.3
11	American Family	24.8	748.1	(5)	1,999.2	(11)	3.3
12	NWNL	18.1	471.9	(10)	2,801.7	(6)	3.0
13	American Natl Ins	13.6	135.5	(16)	603.9	(16)	7.5
14	Washington National	3.2	261.1	(14)	934.6	(14)	3.1
15	Monarch Capital	–13.9	264.7	(13)	3,488.6	(5)	1.8
16	ICH	–54.3	476.3	(8)	2,032.8	(10)	4.7
	Industry medians	**32.8**	**476.2**		**2,106.5**		
INSURANCE-PROPERTY & CASUALTY							
1	Argonaut Group	94.3	631.3	(1)	2,238.8	(1)	0.9
2	20th Century Inds	58.5	453.3	(2)	681.2	(8)	1.6
3	Chubb	42.9	410.5	(3)	1,140.7	(4)	9.8
4	Geico	31.6	287.9	(8)	509.8	(10)	6.7
5	St Paul Cos	30.1	286.1	(9)	833.0	(7)	13.2
6	Hartford Steam Boiler	22.9	143.0	(14)	234.5	(15)	3.4
7	Berkshire Hathaway	22.4	124.2	(15)	473.0	(12)	20.0
8	Ohio Casualty	18.3	284.7	(10)	567.9	(9)	5.5
9	Hanover Insurance	14.3	279.5	(11)	509.0	(11)	5.8
10	Progressive	13.1	234.0	(12)	444.7	(13)	6.0
11	AmBase	10.2	375.1	(6)	1,391.3	(2)	9.4
12	USF&G	9.8	393.2	(4)	1,143.2	(3)	11.9
13	Continental Corp	9.7	383.5	(5)	899.6	(6)	15.9
14	ITT	7.8	169.9	(13)	385.6	(14)	118.0
15	Fund American Cos	6.7	318.2	(7)	1,068.4	(5)	11.0
	Industry medians	**18.3**	**287.9**		**681.2**		
MATERIALS-CEMENT & GYPSUM							
1	CalMat	25.2	215.7	(1)	260.9	(1)	3.1
2	Lafarge	13.2	197.0	(2)	203.1	(2)	7.6
3	USG	2.0	154.3	(3)	112.8	(3)	14.2
	Industry medians	**13.2**	**197.0**		**203.1**		
MATERIALS-NONFERROUS METALS							
1	Newmont Mining	44.9	207.9	(7)	464.9	(2)	2.8
2	Cyprus Minerals	31.5	225.2	(4)	231.6	(5)	8.0
3	Asarco	26.3	251.5	(2)	277.7	(4)	8.8
4	Homestake Mining	25.4	215.3	(6)	520.1	(1)	2.1
5	Phelps Dodge	22.2	224.6	(5)	208.4	(7)	12.0
6	AMAX	18.0	194.6	(9)	209.5	(6)	20.0
7	Reynolds Metals	17.5	201.4	(8)	182.2	(9)	30.5
8	Alcoa	15.8	182.4	(10)	193.0	(8)	59.8
9	Maxxam	11.1	230.8	(3)	303.2	(3)	10.5
10	Engelhard	–9.4	293.0	(1)	163.4	(10)	8.2
	Industry medians	**20.1**	**220.0**		**220.6**		
MATERIALS-OTHER							
1	Vulcan Materials	20.6	171.5	(1)	159.7	(1)	6.3
2	Manville	10.9	120.9	(4)	142.2	(2)	18.1
3	Owens-Corning	9.4	163.9	(2)	105.1	(3)	18.3
4	Tyco Laboratories	8.0	161.1	(3)	104.0	(4)	13.0
5	Armstrong World Inds	7.3	98.1	(5)	79.4	(6)	25.6
6	Masco	5.4	76.8	(6)	88.8	(5)	41.0
	Industry medians	**8.7**	**141.0**		**104.6**		
MATERIALS-STEEL							
1	Allegheny Ludlum	23.9	210.7	(4)	140.1	(8)	5.6
2	Wheeling-Pittsburgh	20.3	181.1	(6)	234.7	(3)	6.3
3	Armco	15.7	230.7	(3)	237.1	(2)	10.5
4	Nucor	11.0	241.7	(2)	196.9	(4)	5.3
5	Bethlehem Steel	8.1	172.2	(7)	157.2	(6)	30.5
6	LTV	6.9	165.7	(8)	165.0	(5)	38.4
7	Inland Steel Inds	5.8	200.2	(5)	145.2	(7)	20.7
8	Lone Star Tech	–78.9	250.5	(1)	1,484.3	(1)	2.4
	Industry medians	**9.6**	**205.5**		**181.0**		
RETAILING-APPAREL							
1	Limited	5.8	77.7	(2)	40.4	(2)	59.9
2	Gap	4.6	74.1	(4)	27.1	(6)	21.4
3	Nordstrom	4.3	100.8	(1)	64.4	(1)	26.5
4	Melville	4.0	76.7	(3)	30.8	(5)	98.5
5	TJX Cos	3.0	74.1	(4)	37.8	(4)	29.0

The Forbes 500s—Jobs and Productivity

Rank	Company	Per employee ($000) Profits	Sales (rank)		Assets (rank)		Employees (000)
6	Petrie Stores	1.4	55.9	(7)	39.0	(3)	22.5
7	Brown Group	1.2	62.8	(6)	24.6	(8)	29.0
8	US Shoe	1.1	54.2	(8)	26.0	(7)	46.0
	Industry medians	**3.5**	**74.1**		**34.3**		
	RETAILING-DEPARTMENT STORES						
1	General Cinema	37.7	79.3	(7)	118.4	(3)	25.1
2	Mercantile Stores	5.9	105.1	(4)	70.4	(5)	22.0
3	Dillard Dept Stores	5.6	115.9	(2)	94.9	(4)	26.3
4	Equitable of Iowa	5.0	143.2	(1)	703.7	(1)	4.1
5	JC Penney	4.1	83.0	(5)	65.5	(6)	194.0
6	May Dept Stores	4.0	76.8	(8)	62.4	(7)	125.0
7	Sears, Roebuck	3.0	105.5	(3)	170.5	(2)	510.0
8	Carter Hawley Hale	0.2	79.5	(6)	60.1	(8)	36.0
	Industry medians	**4.6**	**94.1**		**82.7**		
	RETAILING-DRUG & DISCOUNT						
1	Longs Drug Stores	4.6	158.7	(1)	42.6	(5)	13.3
2	Wal-Mart Stores	4.4	104.9	(5)	33.2	(9)	247.0
3	Rite Aid	3.6	108.6	(4)	53.1	(1)	28.9
4	Walgreen	3.3	117.3	(2)	38.2	(6)	47.4
5	Dayton Hudson	2.9	95.1	(6)	46.6	(2)	143.4
6	K mart	0.9	82.8	(8)	36.5	(8)	360.0
7	Rose's Stores	0.4	71.8	(9)	23.6	(10)	21.0
8	Ames Dept Stores	0.0	88.3	(7)	44.0	(4)	60.0
8	Hills Dept Stores	0.0	71.4	(10)	44.6	(3)	27.0
10	Fred Meyer	–0.3	108.8	(3)	38.0	(7)	2[illegible].0
	Industry medians	**1.9**	**100.0**		**40.4**		
	RETAILING-SPECIALTY						
1	Price Co	10.4	436.1	(1)	113.5	(2)	11.8
2	Toys "R" Us	9.0	133.6	(9)	85.8	(5)	35.9
3	Circuit City Stores	8.2	222.5	(3)	96.8	(4)	8.9
4	Tandy	8.1	114.2	(11)	85.2	(6)	37.5
5	Spiegel	7.6	175.5	(6)	147.4	(1)	9.7
6	Home Depot	6.9	169.8	(7)	68.8	(10)	16.3
7	Sherwin-Williams	6.5	127.4	(10)	82.5	(8)	16.7
8	Lowe's Cos	5.0	176.4	(5)	76.4	(9)	15.0
9	Blockbuster	4.2	38.0	(13)	39.4	(12)	10.6
10	Costco Wholesale	3.9	414.6	(2)	99.2	(3)	7.9
11	Service Merchandise	3.6	165.5	(8)	83.3	(7)	20.0
12	Waban	2.6	182.8	(4)	47.7	(11)	11.3
13	Woolworth	2.5	66.8	(12)	29.6	(13)	132.0
	Industry medians	**6.5**	**169.8**		**83.3**		
	RETAILING-SUPERMARKETS & CONVENIENCE						
1	Weis Markets	6.0	85.5	(14)	45.2	(6)	14.5
2	Giant Food	4.3	127.7	(5)	42.5	(8)	25.5
3	McDonald's	4.1	34.5	(15)	52.1	(4)	176.0
4	Albertson's	3.7	141.4	(3)	35.5	(10)	52.5

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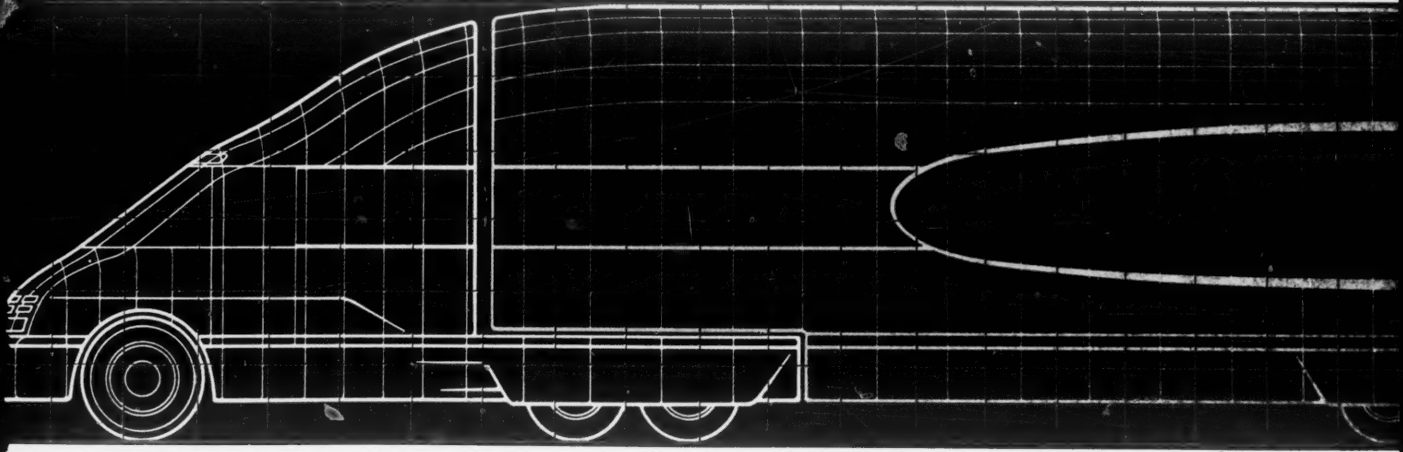
Ford
TRUCKS

Rank	Company	Per employee ($000) Profits	Per employee ($000) Sales (rank)	Per employee ($000) Assets (rank)	Employees (000)
4	Food Lion	3.7	123.7 (8)	33.6 (12)	38.1
6	Bruno's	3.0	125.5 (6)	37.8 (9)	18.1
7	Hannaford Bros	2.8	112.6 (11)	34.8 (11)	13.5
8	Smith's Food & Drug	1.9	125.1 (7)	52.6 (3)	13.8
9	Great A&P Tea	1.6	121.2 (10)	31.2 (13)	92.0
9	Winn-Dixie Stores	1.6	106.7 (13)	18.4 (15)	88.9
11	American Stores	0.7	131.2 (4)	44.1 (7)	167.7
12	Kroger	–0.1	110.8 (12)	25.0 (14)	170.0
13	Circle K	–0.3	144.0 (2)	76.1 (1)	25.9
14	Vons Cos	–0.7	149.2 (1)	47.3 (5)	35.0
15	Penn Traffic	–1.0	122.7 (9)	54.9 (2)	22.0
	Industry medians	**1.9**	**123.7**	**42.5**	
TRANSPORT-RAILROADS					
1	Norfolk Southern	18.2	136.3 (4)	307.9 (2)	33.3
2	Union Pacific	12.4	134.9 (5)	258.9 (3)	48.1
3	CSX	8.5	145.9 (2)	231.6 (5)	53.1
4	Burlington Northern	7.4	141.1 (3)	188.3 (6)	32.7
5	Consolidated Rail	4.7	108.0 (6)	236.6 (4)	31.6
6	Santa Fe Pacific	–10.2	156.1 (1)	346.5 (1)	19.1
	Industry medians	**8.0**	**138.7**	**247.8**	
TRANSPORT-TRUCKING & SHIPPING					
1	Alexander & Baldwin	63.7	194.9 (2)	358.3 (1)	3.2
2	Roadway Services	2.9	79.4 (5)	38.0 (5)	33.5
3	American President	2.4	470.2 (1)	349.7 (2)	4.8
4	Ryder System	1.2	116.2 (3)	135.9 (3)	43.7
5	Yellow Freight Sys	0.6	76.0 (6)	37.0 (6)	29.2
6	Consol Freightways	0.2	99.1 (4)	63.0 (4)	38.0
	Industry medians	**1.8**	**107.7**	**99.5**	
TRAVEL-AIRLINES					
1	Delta Air Lines	8.3	150.8 (1)	115.3 (3)	56.9
2	AMR	6.5	150.2 (2)	153.4 (1)	69.8
3	UAL	4.8	144.4 (3)	106.3 (5)	67.8
4	Federal Express	2.0	116.4 (6)	88.6 (7)	58.1
5	Pittston	0.3	111.7 (7)	67.4 (8)	14.6
6	USAir Group	–1.2	123.4 (5)	119.8 (2)	50.7
7	Pan Am	–12.8	135.2 (4)	91.1 (6)	26.3
8	Texas Air	–13.0	98.3 (8)	111.4 (4)	68.0
	Industry medians	**1.2**	**129.3**	**108.9**	
TRAVEL-HOTELS & GAMING					
1	Carnival Cruise Lines	15.2	89.9 (1)	173.9 (1)	12.8
2	Circus Circus	8.2	56.9 (3)	73.6 (3)	9.2
3	Hilton Hotels	2.9	24.8 (4)	57.6 (4)	38.5
4	Bally Manufacturing	0.8	62.7 (2)	91.8 (2)	33.0
	Industry medians	**5.6**	**59.8**	**82.7**	

...and Tomorrow's.



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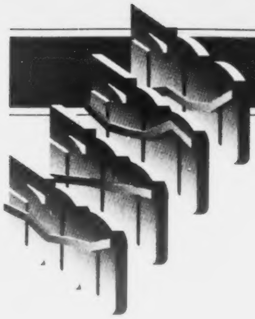

Ranking The Forbes 500s

This cross-reference lists all 783 companies that show up on at least one of the Forbes 500s rosters.

EVENTS OF THE PAST YEAR have confirmed the soundness of FORBES' long-ago decision to measure corporations by more than a single yardstick, unlike most other corporate rankings. Case in point: CenTrust Bank, which with over $10 billion in assets qualified for a Forbes Assets 500 ranking in our previous directory issue *(May 1, 1989)*. But when it came to profits ($7 million) and market value ($50 million), the Florida-based thrift was way below last year's minimum cutoffs. Much of CenTrust's store of assets appeared to be nonperforming loans. In February CenTrust joined the growing list of failed savings and loans in the hands of the government bailout agency.

That's why we have to measure corporations in four dimensions: revenues, profits, assets and market value. Failure to make more than one Forbes 500 list is, of course, not a sign of impending bankruptcy. But it does reinforce the notion that size or quality can't be measured by a single statistic.

Of the 783 Forbes 500 corporations, 275 made all four of our lists. These are the true corporate elite. This year for the first time we cull this elite list for the most important companies in the U.S.—our Super 50 list (see page 223). These are companies that, measured from every angle, stand out in corporate importance.

This year's 500s include 72 companies that didn't make any of the lists last year. Among them: Autodesk, FlightSafety International, Franklin Resources and St. Jude Medical. These 4 also appeared on our list of the 200 best small companies in the U.S. *(Nov. 13, 1989)*. Other newcomers are American Greetings, King World Productions and Security Bancorp.

All 783 companies appear in the roster of employment and productivity, which begins on page 268, and the stock market report, which starts on page 328. Reports on the 500 largest firms begin on the following pages: Sales, 230; Profits, 236; Assets, 248; and Market Value, 258. See page 222 to find rules and definitions for the measurements.

Where they rank: 1989										
Assets	**Sales**	**Market value**	**Net profits**	**Company**	**Assets ($mil)**	**Sales ($mil)**	**Market value ($mil)**	**Net profits ($mil)**	**Cash flow ($mil)**	**Number employed (thou)**
321	162	36	43	**Abbott Laboratories**	4,852	5,380	14,063	859.8	1,167.2	39.8
11	24	105	66	**Aetna Life & Casualty**	87,099	19,671	5,431	639.4	777.4	45.3
32	196	347	250	**HF Ahmanson**	44,652	4,372	1,683	193.9	315.9	11.2
412	316	216	233	**Air Products & Chemicals**	3,521	2,654	2,725	210.4	498.0	13.7
■	111	165	246	**Albertson's**	1,863	7,423	3,636	196.6	304.7	52.5
■	202	422	379	**Alco Standard**	1,546	4,207	1,290	110.3	164.7	16.9
■	■	496	■	**Alexander & Alexander Services**	2,605	1,249	1,046	59.0	135.4	16.2
■	■	413	239	**Alexander & Baldwin**	1,139	620	1,337	202.7	256.7	3.2
■	■	■	328	**Allegheny Ludlum**	785	1,180	916	133.8	154.8	5.6
347	364	294	248	**Allegheny Power System**	4,433	2,258	2,072	194.9	367.2	5.9
169	52	112	88	**Allied-Signal**	10,132	11,942	5,203	528.0	952.0	108.3
■	■	283	294	**Alltel**	2,379	1,226	2,121	153.9	319.1	7.7
144	63	99	34	**Aluminum Co of America**	11,541	10,910	5,746	944.9	1,600.7	59.8
■	■	436	■	**ALZA Corp**	288	82	1,241	18.8	22.8	0.6
364	214	270	137	**AMAX**	4,190	3,892	2,225	360.4	586.5	20.0
120	235	■	420	**AmBase**	13,078	3,526	242	96.0	96.0	9.4
■	385	360	296	**Amdahl**	2,234	2,101	1,593	153.0	277.8	8.2
237	157	159	96	**Amerada Hess**	6,867	5,589	3,803	476.3	1,022.3	8.7
148	115	89	67	**American Brands**	11,394	7,265	6,153	630.8	836.8	48.1
269	■	■	■	**American Capital**	6,035	647	7	–21.6	–10.8	2.0

■ Not on 500 list.

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
316	183	120	166	**American Cyanamid**	4,971	4,825	4,932	292.0	525.3	35.5
108	174	95	68	**American Electric Power**	14,746	5,140	5,903	628.9	1,126.2	22.8
4	17	41	25	**American Express**	130,855	25,047	11,234	1,157.0	1,157.0	103.9
252	338	447	465	**American Family**	6,515	2,438	1,199	80.8	80.8	3.3
45	201	175	102	**American General**	32,062	4,227	3,486	464.0	464.0	13.3
■	■	482	■	**American Greetings**	1,146	1,263	1,082	67.6	109.6	21.3
285	124	32	27	**American Home Products**	5,681	6,747	15,569	1,102.2	1,270.3	51.1
29	38	35	21	**American International Group**	46,143	14,150	15,263	1,367.5	1,510.1	32.1
342	■	■	411	**American National Insurance**	4,516	1,013	967	101.4	113.2	7.5
■	275	456	355	**American Petrofina**	2,505	3,036	1,162	119.1	287.5	3.6
■	367	■	■	**American President Cos Ltd**	1,661	2,234	492	11.3	118.4	4.8
348	■	■	■	**American Savings Bank FSB**	4,430	429	27	2.3	10.9	1.3
221	20	279	357	**American Stores**	7,398	22,004	2,137	118.1	478.7	167.7
36	10	4	7	**American Telephone & Telegraph**	37,687	36,112	44,646	2,697.0	6,063.0	294.1
367	■	■	■	**AmeriFirst Bank**	4,132	422	37	–134.7	–115.5	1.9
89	67	29	24	**Ameritech**	19,833	10,211	16,247	1,238.2	3,034.8	78.3
153	■	■	366	**Ameritrust**	11,233	1,200	728	115.9	144.4	6.0
■	166	■	■	**Ames Department Stores**	2,641	5,295	183	0.2	86.7	60.0
50	18	9	15	**Amoco**	30,430	23,966	26,666	1,610.0	4,110.0	53.5
■	299	102	175	**AMP**	2,530	2,797	5,526	280.9	461.2	24.3
161	65	145	104	**AMR**	10,700	10,480	4,043	454.8	1,067.5	69.8
195	■	■	■	**AmSouth Bancorporation**	8,565	890	540	63.2	76.6	5.0
■	■	349	■	**Anadarko Petroleum**	1,553	361	1,669	48.0	176.1	0.7
189	■	■	■	**Anchor Savings Bank FSB**	8,938	844	30	–47.5	–18.0	2.8
188	84	44	53	**Anheuser-Busch Cos**	9,026	9,481	10,720	767.2	1,177.5	41.6
185	353	266	214	**Aon**	9,156	2,325	2,258	232.4	288.6	8.8
388	■	■	■	**Apple Bancorp**	3,840	360	148	21.1	27.2	1.4
489	163	109	112	**Apple Computer**	2,813	5,372	5,290	438.4	563.2	12.7
303	100	87	95	**Archer Daniels Midland**	5,262	7,745	6,173	482.3	719.5	9.9
■	■	■	461	**Argonaut Group**	1,937	546	660	81.6	107.1	0.9
385	365	301	■	**Arkla**	3,886	2,246	2,020	–84.3	62.9	6.6
■	344	■	282	**Armco**	2,489	2,423	940	165.0	222.4	10.5
■	327	397	260	**Armstrong World Industries**	2,033	2,513	1,400	187.6	321.6	25.6
■	481	■	■	**Arvin Industries**	1,130	1,541	305	18.4	72.1	17.3
■	370	445	215	**Asarco**	2,441	2,211	1,207	231.2	295.6	8.8
346	99	297	■	**Ashland Oil**	4,468	8,047	2,064	12.3	296.5	37.7
■	■	■	464	**Atlantic Energy**	1,864	705	815	81.0	139.4	2.1
79	34	19	11	**Atlantic Richfield**	22,261	15,351	18,739	1,953.0	3,864.0	26.9
■	■	451	■	**Autodesk**	194	179	1,176	46.4	54.3	0.7
■	447	149	247	**Automatic Data Processing**	1,668	1,689	3,906	196.2	313.8	22.0
■	438	453	444	**Avery International**	1,142	1,732	1,172	86.5	136.8	11.6
■	425	472	■	**Avnet**	1,129	1,801	1,101	63.4	92.6	9.6
■	253	310	■	**Avon Products**	2,098	3,300	1,972	54.6	122.5	28.5
■	351	182	431	**Baker Hughes**	2,068	2,341	3,307	92.6	202.4	21.0
469	389	■	■	**Bally Manufacturing**	3,029	2,069	343	25.8	179.8	33.0
417	■	■	■	**Baltimore Bancorp**	3,462	338	155	17.3	25.0	1.1
271	399	250	177	**Baltimore Gas & Electric**	5,986	2,004	2,396	276.3	447.0	9.0
58	261	146	142	**Banc One**	26,552	3,163	3,960	348.2	409.9	17.3

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
272	■	■	■	Banco Popular de Puerto Rico	5,973	631	388	56.3	70.6	5.1
204	■	■	469	Bancorp Hawaii	8,317	762	716	79.9	94.5	3.7
■	■	435	484	Bandag	347	525	1,242	75.9	92.9	2.4
33	120	■	■	Bank of Boston	39,178	6,844	1,033	70.4	146.7	19.2
54	242	■	■	Bank of New England	29,773	3,478	330	–1,113.3	–1,011.1	17.1
26	161	254	■	Bank of New York	48,856	5,497	2,385	50.7	165.5	16.3
311	■	■	■	Bank South	5,136	568	368	48.0	63.6	3.0
9	56	97	45	BankAmerica	98,764	11,389	5,811	820.0	1,043.0	54.3
23	116	190	■	Bankers Trust New York	55,658	7,258	3,159	–979.9	–891.9	13.0
462	■	■	■	BanPonce	3,066	325	275	20.5	27.6	2.2
56	274	326	196	Barnett Banks	29,007	3,038	1,830	256.7	351.7	18.1
■	■	341	371	Bausch & Lomb	1,429	1,220	1,735	114.4	167.0	11.3
199	112	94	108	Baxter International	8,503	7,399	5,988	446.0	814.0	64.5
484	■	■	■	Bay View Capital	2,881	295	105	16.4	17.3	0.4
173	■	■	■	BayBanks	9,913	1,108	272	63.1	88.4	5.7
323	■	■	■	BB&T Financial	4,808	512	383	44.2	50.0	2.9
38	342	471	316	Bear Stearns Cos	35,788	2,427	1,123	139.8	139.8	6.0
■	422	261	227	Becton Dickinson	2,316	1,834	2,300	213.7	335.9	19.7
59	55	24	31	Bell Atlantic	26,220	11,449	18,072	1,074.5	3,494.4	80.1
52	40	12	14	BellSouth	30,050	13,996	25,826	1,695.0	4,561.0	100.8
209	473	475	348	Beneficial Corp	7,938	1,578	1,095	120.9	165.9	7.0
■	205	■	■	Bergen Brunswig	1,318	4,161	837	54.5	65.2	3.7
180	332	58	106	Berkshire Hathaway	9,460	2,484	8,137	447.5	479.6	20.0
325	167	378	204	Bethlehem Steel	4,793	5,251	1,482	245.7	571.0	30.5
■	384	■	■	Beverly Enterprises	1,639	2,104	257	–104.2	–31.6	101.0
■	■	403	46	BHC Communications	1,531	247	1,375	810.8	943.4	0.8
■	477	■	■	Bindley Western Industries	272	1,561	62	3.1	6.2	0.4
262	229	491	■	Black & Decker	6,176	3,615	1,053	–11.5	146.0	28.2
■	■	319	391	H&R Block	564	975	1,893	107.2	135.4	3.3
■	■	440	■	Blockbuster Entertainment	417	403	1,221	44.2	120.6	10.6
111	494	473	337	Boatmen's Bancshares	14,542	1,476	1,101	129.2	161.3	8.5
118	21	26	64	Boeing	13,278	20,276	16,729	675.0	1,302.0	159.2
366	197	381	185	Boise Cascade	4,143	4,338	1,470	267.6	469.6	19.7
322	103	123	■	Borden	4,825	7,593	4,865	–60.6	125.5	46.5
485	■	■	■	Boston Edison	2,878	1,269	718	–16.1	132.3	4.6
■	497	■	313	Bowater	2,284	1,450	947	144.6	251.2	5.1
200	85	8	54	Bristol-Myers Squibb	8,497	9,189	27,449	747.0	943.0	53.7
222	■	■	■	Broad	7,390	622	290	28.9	28.9	0.6
■	■	317	479	Brown-Forman	982	989	1,903	77.7	109.5	5.6
■	424	■	■	Brown Group	713	1,821	435	33.8	61.8	29.0
450	310	110	179	Browning-Ferris Industries	3,117	2,683	5,266	269.4	536.3	23.4
■	360	467	■	Bruno's	683	2,271	1,132	53.6	88.6	18.1
■	296	430	■	Brunswick	1,985	2,826	1,265	–71.3	88.5	27.1
263	192	212	207	Burlington Northern	6,148	4,606	2,768	243.0	552.7	32.7
265	443	96	103	Burlington Resources	6,098	1,715	5,858	458.1	719.5	6.2
■	421	■	■	Cabot	1,496	1,863	816	13.7	106.4	5.4
60	269	■	457	CalFed	26,191	3,099	461	82.4	234.2	6.1

■ Not on 500 list.

Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
■	■	■	477	CalMat	809	669	846	78.1	121.4	3.1
351	145	79	■	Campbell Soup	4,369	6,003	6,607	37.1	229.6	51.9
255	181	51	94	Capital Cities/ABC	6,360	4,957	8,770	485.7	643.3	19.8
107	330	293	178	Capital Holding	14,970	2,500	2,076	275.7	300.4	8.0
■	■	214	251	Carnival Cruise Lines	2,220	1,148	2,743	193.6	260.3	12.8
217	333	160	131	Carolina Power & Light	7,575	2,481	3,782	376.1	752.7	8.6
■	295	■	■	Carter Hawley Hale Stores	2,164	2,864	216	6.1	58.0	36.0
■	307	285	424	Castle & Cooke	2,270	2,718	2,118	94.9	152.5	43.5
158	60	84	92	Caterpillar	10,926	11,126	6,250	497.0	968.0	60.8
■	490	■	■	CBI Industries	1,359	1,495	735	34.3	107.1	12.0
336	283	138	163	CBS	4,638	2,962	4,157	297.1	360.7	6.7
■	■	438	■	Cellular Communications	387	84	1,237	–17.5	–0.8	0.6
422	■	215	109	Centel	3,417	1,188	2,743	443.8	643.1	12.9
141	357	220	187	Centerior Energy	11,667	2,302	2,691	266.9	547.8	9.1
■	396	■	■	Centex	2,059	2,019	561	59.5	68.7	4.5
202	323	171	158	Central & South West	8,347	2,549	3,540	306.0	611.0	8.5
341	■	■	■	Central Bancshares of the South	4,519	476	298	41.9	53.4	2.4
301	■	■	■	Central Fidelity Banks	5,335	537	440	54.4	66.8	3.4
219	171	235	113	Champion International	7,531	5,163	2,556	432.4	711.4	30.0
8	41	194	■	Chase Manhattan	107,369	13,904	3,114	–665.0	–374.0	41.6
16	97	299	■	Chemical Banking	71,513	8,227	2,045	–482.2	–273.2	28.2
41	15	15	200	Chevron	33,884	29,443	23,866	251.0	2,813.0	54.3
■	217	■	■	Chiquita Brands International	1,613	3,823	777	67.8	117.4	43.0
25	12	155	138	Chrysler	51,038	34,922	3,848	359.0	1,700.0	121.9
154	208	142	118	Chubb	11,179	4,023	4,117	420.8	445.2	9.8
21	33	151	83	Cigna	57,779	15,654	3,891	562.0	562.0	48.1
■	■	365	425	Cincinnati Bell	1,381	900	1,565	94.4	205.4	10.4
■	■	444	370	Cincinnati Financial	2,552	974	1,209	114.5	121.5	1.7
391	■	371	210	Cincinnati Gas & Electric	3,778	1,438	1,538	239.7	329.5	4.9
■	222	■	■	Circle K	1,971	3,731	93	–7.7	106.3	25.9
■	403	474	496	Circuit City Stores	857	1,969	1,101	72.4	93.0	8.9
■	■	407	485	Circus Circus Enterprises	675	522	1,360	75.1	107.9	9.2
315	■	■	■	Citadel Holding	4,981	481	147	8.1	14.1	0.8
1	9	62	89	Citicorp	230,643	37,970	7,875	498.0	1,243.0	90.5
76	336	354	212	Citizens & Southern	23,313	2,447	1,628	238.0	292.1	15.3
458	■	■	■	Citizens First Bancorp	3,075	394	215	37.2	41.3	1.0
355	■	■	■	Citizens Savings Financial	4,299	430	33	13.1	20.9	1.0
■	■	343	440	Citizens Utilities	1,160	339	1,715	88.7	123.0	1.7
329	■	■	■	City National	4,699	476	737	59.1	67.9	2.2
■	■	282	334	Clorox	1,116	1,379	2,123	130.2	174.6	5.1
192	284	221	155	CMS Energy	8,614	2,961	2,689	312.1	586.5	9.7
152	■	■	■	Coast Savings Financial	11,244	1,233	131	–74.2	–60.3	2.2
190	96	189	280	Coastal Corp	8,773	8,271	3,177	170.1	439.4	12.7
205	87	14	13	Coca-Cola	8,283	8,966	24,983	1,723.8	1,907.6	19.9
327	215	315	■	Coca-Cola Enterprises	4,732	3,882	1,918	71.7	300.7	21.0
410	180	152	176	Colgate-Palmolive	3,536	5,039	3,883	280.0	377.1	24.4
446	■	■	■	Colorado National Bankshares	3,146	356	172	4.6	16.5	2.7
277	258	287	311	Columbia Gas System	5,878	3,204	2,100	145.8	380.0	10.8

■ Not on 500 list.

Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
125	■	■	■	Columbia Savings & Loan Association	12,710	1,367	27	–591.1	–591.1	0.9
■	■	357	■	Comcast	2,583	563	1,607	–148.8	–14.9	6.0
357	434	477	382	Comdisco	4,293	1,758	1,091	110.0	762.0	1.7
134	■	■	480	Comerica	12,149	1,250	766	77.6	100.4	6.9
281	■	■	■	Commerce Bancshares	5,829	568	461	59.0	78.5	3.6
274	■	■	■	Commercial Federal	5,947	577	20	–44.1	–23.3	1.3
87	149	67	61	Commonwealth Edison	20,519	5,751	7,442	693.7	1,656.4	17.9
■	■	■	500	Community Psychiatric Centers	475	319	1,013	72.0	82.3	5.2
■	293	154	147	Compaq Computer	2,090	2,876	3,868	333.3	405.5	7.8
■	■	222	310	Computer Associates International	1,376	1,244	2,676	145.8	255.4	5.4
■	499	■	■	Computer Sciences	869	1,443	741	58.4	88.8	18.9
297	37	179	218	ConAgra	5,403	14,467	3,363	223.5	339.1	49.1
309	■	■	■	Conseco	5,178	659	163	47.2	57.6	0.5
165	160	93	70	Consolidated Edison	10,350	5,551	5,989	606.1	931.0	20.0
■	221	■	■	Consolidated Freightways	2,392	3,760	612	8.6	167.9	38.0
338	298	164	265	Consolidated Natural Gas	4,601	2,802	3,652	181.8	456.9	7.4
■	■	328	281	Consolidated Papers	1,086	953	1,810	167.9	219.0	4.6
220	247	304	304	Consolidated Rail	7,471	3,411	2,005	148.0	430.0	31.6
280	268	137	169	Contel	5,846	3,114	4,287	287.0	776.0	22.4
55	260	■	307	Continental Bank	29,549	3,203	839	147.3	167.2	6.8
112	140	356	295	Continental Corp	14,259	6,079	1,608	153.1	201.9	15.9
■	286	■	■	Control Data	1,861	2,935	786	–680.4	–529.2	25.8
241	175	132	184	Cooper Industries	6,745	5,129	4,444	267.8	456.7	52.2
■	432	■	■	Adolph Coors	1,531	1,764	646	13.1	135.6	10.5
99	419	376	242	CoreStates Financial	16,849	1,888	1,492	198.7	253.5	8.4
426	337	136	193	Corning	3,361	2,439	4,299	259.4	430.7	26.9
■	256	437	■	Costco Wholesale	779	3,254	1,238	30.4	37.8	7.9
398	176	117	150	CPC International	3,705	5,103	4,975	327.5	542.8	32.8
■	496	■	■	Crane	655	1,456	804	55.9	77.2	10.8
■	■	428	438	Cray Research	956	785	1,271	89.0	191.2	5.0
149	■	■	400	Crestar Financial	11,361	1,178	848	103.8	139.1	6.1
113	493	■	■	CrossLand Savings FSB	14,102	1,486	29	–191.7	–156.5	3.5
■	413	382	426	Crown Cork & Seal	1,655	1,910	1,467	94.2	156.0	13.7
132	101	178	105	CSX	12,298	7,745	3,385	452.0	899.0	53.1
414	■	■	■	Cullen/Frost Bankers	3,505	350	79	2.7	9.7	1.9
■	237	■	■	Cummins Engine	2,031	3,511	476	–6.1	128.9	25.6
■	427	■	201	Cyprus Minerals	1,841	1,790	1,000	250.1	347.5	8.0
306	172	394	330	Dana	5,225	5,157	1,417	132.1	301.0	38.5
432	■	■	■	Dauphin Deposit	3,259	329	412	44.4	51.7	1.7
246	42	126	125	Dayton Hudson	6,684	13,644	4,793	410.0	725.0	143.4
386	■	■	■	DCNY Corp	3,869	281	92	–1.9	0.7	0.4
■	429	■	■	Dean Foods	710	1,783	819	61.5	96.1	7.3
177	109	107	124	Deere & Co	9,587	7,488	5,404	410.4	607.0	38.6
■	■	■	435	Delmarva Power & Light	2,029	790	914	91.3	173.3	2.7
249	94	163	97	Delta Air Lines	6,554	8,572	3,719	473.2	902.4	56.9
■	■	234	297	Deluxe	847	1,316	2,561	152.6	220.0	16.8
395	■	■	■	Deposit Guaranty	3,745	385	213	31.7	42.3	2.2

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Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
172	259	166	114	Detroit Edison	9,950	3,203	3,635	426.0	755.3	10.4
■	387	■	■	Diamond Shamrock	1,027	2,091	587	60.1	101.9	4.5
151	44	46	41	Digital Equipment	11,255	12,937	9,505	875.8	1,620.2	123.7
■	273	240	303	Dillard Department Stores	2,496	3,049	2,518	148.1	233.8	26.3
142	■	■	■	Dime Savings Bank of New York FSB	11,652	1,151	177	–89.8	–73.1	2.7
236	182	33	56	Walt Disney	6,883	4,839	15,469	729.4	1,210.7	43.0
170	■	■	427	Dominion Bankshares	10,120	1,059	717	94.1	126.2	5.6
155	225	131	122	Dominion Resources	11,034	3,700	4,452	410.7	878.9	13.7
■	267	174	220	RR Donnelley & Sons	2,507	3,122	3,496	221.9	389.0	26.1
■	382	247	314	Dover	1,406	2,120	2,404	144.0	222.8	20.2
80	29	23	8	Dow Chemical	22,166	17,600	18,146	2,487.0	3,548.0	58.8
496	448	209	154	Dow Jones	2,688	1,688	2,837	317.0	475.3	9.4
373	■	■	■	Downey Savings & Loan Assn	4,099	383	236	2.7	9.4	1.1
494	■	418	325	DPL	2,694	956	1,319	136.4	198.0	2.8
382	■	465	374	DQE	3,921	1,121	1,138	113.0	263.4	4.3
472	211	180	286	Dresser Industries	3,008	3,982	3,347	161.2	253.5	31.1
■	■	379	306	Dreyfus	926	272	1,481	147.9	152.0	1.3
40	11	11	9	EI du Pont de Nemours	34,715	35,099	26,043	2,480.0	5,010.0	143.4
179	228	101	81	Duke Power	9,542	3,639	5,545	571.6	1,176.7	19.5
308	198	54	78	Dun & Bradstreet	5,184	4,322	8,446	586.4	868.4	70.5
■	464	■	453	E-Systems	852	1,626	924	83.0	121.5	17.3
75	27	39	86	Eastman Kodak	23,648	18,398	12,450	529.0	1,855.0	141.5
464	226	298	217	Eaton	3,052	3,671	2,049	224.9	364.4	38.3
■	456	463	■	EG&G	643	1,650	1,141	69.9	95.4	28.0
296	117	52	76	Emerson Electric	5,534	6,998	8,670	593.1	825.1	72.6
■	348	■	■	Engelhard	1,340	2,403	817	–77.5	–8.7	8.2
186	75	225	216	Enron	9,105	9,836	2,649	226.1	576.8	6.5
433	305	359	490	Enserch	3,254	2,742	1,603	73.4	188.8	11.4
291	■	■	■	Enstar Group	5,594	659	124	–150.7	–129.1	6.0
109	223	143	■	Entergy	14,715	3,724	4,080	–472.6	–66.6	13.2
389	■	■	■	Equimark	3,801	447	120	22.4	34.1	2.0
483	■	■	■	Equitable of Iowa Cos	2,885	587	203	20.6	31.4	4.1
287	340	197	223	Ethyl	5,632	2,432	2,999	219.5	301.2	5.5
14	3	2	5	Exxon	83,219	86,656	57,676	2,975.0	7,977.0	102.5
456	■	■	■	Farm & Home Financial	3,085	308	52	–27.4	–25.3	0.7
328	■	■	■	FarWest Financial	4,730	555	18	–11.1	–5.5	0.7
310	122	206	372	Federal Express	5,152	6,769	2,920	113.6	566.3	58.1
6	54	59	49	Federal National Mortgage Assn	124,315	11,557	8,122	807.3	807.3	2.5
■	■	■	237	Federal Paper Board	1,882	1,310	954	205.5	275.3	6.0
229	■	410	388	Fifth Third Bancorp	7,143	768	1,350	108.3	119.4	3.9
326	■	■	■	Financial Corp of Santa Barbara	4,737	460	1	–30.0	–4.8	0.9
295	■	■	■	First Alabama Bancshares	5,550	568	524	62.6	76.3	3.9
230	■	■	■	First American Corp	7,058	751	416	4.2	20.3	4.0
428	■	■	■	First Bancorporation of Ohio	3,334	329	319	38.6	44.7	2.2
85	329	■	■	First Bank System	20,820	2,500	848	2.4	51.4	10.7
181	■	■	■	First Capital Holdings	9,453	973	251	69.5	144.8	1.0
28	159	296	139	First Chicago	47,907	5,551	2,065	358.7	498.0	17.1
400	■	■	■	First Citizens BancShares	3,694	375	253	27.1	39.5	3.7

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Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
114	495	■	376	**First City Bancorp of Texas**	14,081	1,458	618	112.2	135.1	6.8
332	■	■	■	**First Commerce**	4,658	456	255	28.2	42.7	2.4
260	■	■	■	**First Empire State**	6,234	628	448	50.7	57.6	2.6
91	358	■	■	**First Executive**	19,178	2,288	245	52.5	52.5	1.0
49	280	441	287	**First Fidelity Bancorp**	30,728	2,993	1,218	159.5	204.6	13.8
317	■	■	■	**First Financial Management**	4,941	889	644	56.8	105.1	6.5
293	■	■	■	**First Florida Banks**	5,565	551	357	39.5	64.8	3.9
314	■	■	■	**First Hawaiian**	5,078	473	593	57.4	67.4	2.2
20	128	311	■	**First Interstate Bancorp**	59,051	6,535	1,966	–151.9	16.3	36.0
123	■	■	345	**First of America Bank**	12,793	1,306	772	122.9	154.7	8.0
282	■	■	■	**First Security**	5,795	607	438	43.1	53.1	4.1
254	■	■	■	**First Tennessee National**	6,398	709	355	28.8	53.0	4.1
44	251	320	197	**First Union**	32,131	3,313	1,889	256.2	366.8	18.7
312	■	■	■	**First Virginia Banks**	5,124	535	568	67.4	78.3	4.4
73	339	226	181	**First Wachovia**	24,050	2,433	2,649	269.0	321.2	13.7
193	■	■	441	**Firstar**	8,608	923	661	87.2	107.9	6.7
145	■	■	■	**FirstFed Michigan**	11,490	1,156	145	10.5	21.2	1.7
498	■	■	■	**FirsTier Financial**	2,660	248	208	20.5	20.5	1.3
42	227	259	134	**Fleet/Norstar Financial**	33,441	3,658	2,314	371.3	495.4	18.7
■	480	■	■	**Fleetwood Enterprises**	736	1,543	527	55.6	69.2	11.3
495	50	■	468	**Fleming Cos**	2,689	12,045	968	80.1	157.9	23.7
■	■	344	■	**FlightSafety International**	525	209	1,702	65.6	92.2	2.1
334	■	■	■	**Florida Federal Savings Bank**	4,655	448	3	–72.1	–64.5	1.6
337	378	314	263	**Florida Progress**	4,634	2,129	1,921	187.1	382.8	7.7
■	125	176	368	**Fluor**	2,154	6,733	3,435	115.1	204.3	19.0
488	246	434	291	**FMC**	2,819	3,415	1,253	156.7	354.6	24.2
■	186	170	317	**Food Lion**	1,282	4,717	3,543	139.8	204.8	38.1
3	2	17	3	**Ford Motor**	160,695	96,146	22,190	3,835.0	8,063.7	366.6
441	■	■	■	**Fortune Financial Group**	3,175	312	53	–9.3	–4.0	0.8
438	■	■	■	**Fourth Financial**	3,182	304	480	34.4	43.9	1.7
131	134	135	123	**FPL Group**	12,325	6,180	4,300	410.4	1,168.7	19.0
■	■	432	458	**Franklin Resources**	428	263	1,264	82.4	86.4	1.9
408	405	329	301	**Freeport-McMoRan**	3,561	1,958	1,809	149.9	420.5	6.5
■	■	■	498	**Fruit of the Loom**	1,874	1,321	794	72.0	148.9	24.7
138	239	470	492	**Fund American Companies**	11,720	3,490	1,125	73.3	73.3	11.0
390	236	81	128	**Gannett**	3,783	3,518	6,439	397.5	587.6	36.8
■	472	263	418	**Gap**	579	1,587	2,285	97.6	141.4	21.4
463	■	■	■	**GATX**	3,060	702	630	65.7	162.7	2.8
419	408	272	228	**Geico**	3,434	1,939	2,187	213.1	223.6	6.7
■	409	■	234	**GenCorp**	1,270	1,938	405	210.0	282.0	15.4
■	■	277	■	**Genentech**	711	383	2,139	44.0	87.4	1.8
477	400	358	33	**General Cinema**	2,973	1,991	1,606	947.5	1,000.2	25.1
250	72	366	165	**General Dynamics**	6,549	10,043	1,565	293.1	654.0	102.5
5	5	3	2	**General Electric**	128,344	54,574	57,193	3,939.0	6,195.0	295.0
■	■	■	416	**General Instrument**	1,153	1,355	944	97.9	194.6	15.7
442	135	98	144	**General Mills**	3,174	6,180	5,755	341.7	506.4	79.1
2	1	6	1	**General Motors**	172,899	126,932	31,307	4,224.3	11,655.7	775.1

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Ranking The Forbes 500s

Where they rank: 1989 Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
245	289	242	174	**General Public Utilities**	6,038	2,911	2,444	282.5	632.2	13.2
164	302	69	74	**General Re**	10,390	2,771	7,398	598.5	599.4	2.4
■	412	■	473	**General Signal**	1,324	1,918	1,029	78.5	141.6	19.2
■	262	204	241	**Genuine Parts**	1,292	3,161	2,944	199.5	224.1	15.6
■	■	488	253	**Georgia Gulf**	473	1,104	1,063	192.0	210.7	1.4
231	68	156	65	**Georgia-Pacific**	7,056	10,171	3,846	661.0	1,175.0	44.0
■	■	364	430	**Gerber Products**	714	1,134	1,569	92.6	126.8	14.7
■	257	367	387	**Giant Food**	1,081	3,249	1,562	108.4	179.5	25.5
451	218	119	173	**Gillette**	3,114	3,819	4,964	284.7	433.8	30.0
■	■	■	429	**PH Glatfelter**	550	599	993	92.9	120.1	3.4
69	306	■	365	**GlenFed**	25,259	2,732	399	116.0	174.6	7.2
90	407	335	289	**Golden West Financial**	19,521	1,941	1,764	157.9	186.0	2.8
121	■	■	■	**Goldome**	12,999	1,379	46	–253.0	–172.9	4.1
■	346	■	276	**BF Goodrich**	2,274	2,420	1,023	172.4	270.9	12.1
201	64	273	258	**Goodyear Tire & Rubber**	8,460	10,869	2,168	189.4	572.9	111.5
288	139	236	199	**WR Grace**	5,619	6,115	2,552	253.2	571.4	46.4
■	440	300	354	**WW Grainger**	1,065	1,727	2,022	119.6	152.5	7.4
102	469	■	■	**Great American Bank SSB**	16,066	1,593	123	–123.9	–109.9	3.6
■	392	■	■	**Great American Management & Investment**	2,436	2,046	267	–7.7	50.7	11.2
486	59	302	308	**Great Atlantic & Pacific Tea**	2,870	11,148	2,010	146.7	317.7	92.0
425	■	■	■	**Great Lakes Bancorp FSB**	3,385	384	69	13.7	26.3	1.1
■	■	338	344	**Great Lakes Chemical**	1,097	792	1,758	122.9	164.6	3.8
37	216	289	412	**Great Western Financial**	37,176	3,824	2,087	100.1	157.8	12.7
453	■	■	■	**Greater New York Savings Bank**	3,105	297	90	12.2	14.5	0.7
307	233	443	385	**Greyhound Dial**	5,205	3,537	1,209	108.7	211.5	36.8
■	238	■	■	**Grumman**	2,591	3,506	511	67.3	179.7	30.5
46	31	18	19	**GTE**	31,986	17,424	20,747	1,417.3	4,038.6	158.5
243	467	425	■	**Gulf States Utilities**	6,727	1,607	1,284	13.3	232.5	4.9
358	155	124	329	**Halliburton**	4,263	5,661	4,850	133.7	378.3	63.5
■	■	■	442	**MA Hanna**	1,036	1,110	712	86.9	126.3	9.1
■	484	■	■	**Hannaford Bros**	470	1,521	652	37.4	65.6	13.5
478	465	■	454	**Hanover Insurance Cos**	2,955	1,622	598	82.8	82.8	5.8
500	■	■	398	**Harcourt Brace Jovanovich**	2,644	1,342	200	104.4	254.9	10.7
■	475	■	■	**Harnischfeger Industries**	1,451	1,568	732	59.3	86.0	11.9
■	315	424	■	**Harris Corp**	2,538	2,656	1,286	31.9	150.6	28.9
■	■	460	481	**Hartford Steam Boiler Inspection & Ins**	795	485	1,160	77.6	89.9	3.4
■	■	454	433	**Hasbro**	1,246	1,410	1,168	92.2	152.1	8.2
447	■	■	■	**Hawaiian Electric Industries**	3,130	884	767	64.1	108.2	3.2
345	144	63	93	**HJ Heinz**	4,479	6,022	7,854	486.3	652.7	37.6
420	476	■	■	**Henley Group**	3,427	1,566	751	–187.0	–66.0	11.4
403	270	352	■	**Hercules**	3,653	3,092	1,636	–96.4	82.9	23.0
■	345	211	278	**Hershey Foods**	1,814	2,421	2,796	171.1	236.8	12.0
168	49	42	47	**Hewlett-Packard**	10,202	12,345	11,119	809.0	1,317.0	91.0
244	■	■	■	**Hibernia**	6,699	696	452	61.6	76.0	2.8
■	■	361	486	**Hillenbrand Industries**	1,010	1,138	1,578	75.0	155.9	9.0
■	411	■	■	**Hills Department Stores**	1,203	1,929	84	–0.7	35.8	27.0
■	■	241	380	**Hilton Hotels**	2,216	954	2,481	110.1	190.9	38.5
■	304	172	377	**Home Depot**	1,118	2,759	3,512	112.0	133.1	16.3

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Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
94	417	■	367	HomeFed	17,767	1,896	623	115.7	151.3	4.7
■	■	321	■	Homestake Mining	1,094	453	1,879	53.3	121.7	2.1
470	■	■	■	Homestead Financial	3,020	377	11	–19.7	2.0	0.7
305	143	173	71	Honeywell	5,258	6,059	3,500	604.1	898.9	68.1
■	347	433	■	Geo A Hormel	716	2,410	1,256	70.8	107.2	8.0
61	240	339	211	Household International	26,163	3,490	1,752	239.5	399.8	13.1
139	219	140	119	Houston Industries	11,682	3,790	4,149	413.5	806.8	11.9
313	■	■	■	Howard Savings Bank	5,081	507	81	–66.1	–55.6	2.4
■	■	452	472	Hubbell	576	669	1,174	79.4	95.9	5.2
392	195	150	170	Humana	3,756	4,444	3,896	286.8	499.6	52.3
140	■	■	389	Huntington Bancshares	11,680	1,160	922	108.0	137.7	5.7
178	366	■	■	ICH	9,554	2,239	145	–255.2	–39.4	4.7
■	■	■	452	Idaho Power	1,625	496	913	84.7	137.8	1.5
290	■	402	■	Illinois Power	5,609	1,313	1,379	–288.4	–106.1	4.5
■	374	229	285	Illinois Tool Works	1,688	2,173	2,628	163.8	248.5	15.0
■	■	■	378	IMC Fertilizer Group	1,665	1,157	938	110.7	212.9	5.8
270	■	■	■	INB Financial	6,015	645	477	59.1	63.4	3.0
492	■	■	■	Independence Bancorp	2,705	272	219	15.0	19.6	1.5
■	245	210	240	Ingersoll-Rand	2,595	3,447	2,814	202.2	282.8	31.0
471	206	462	352	Inland Steel Industries	3,009	4,147	1,153	119.7	250.9	20.7
239	■	■	■	Integra Financial	6,768	716	608	35.6	49.7	3.8
379	266	65	129	Intel	3,994	3,127	7,842	391.0	640.8	21.5
■	433	■	■	Interco	1,147	1,759	19	–64.5	4.0	28.7
■	■	490	471	Intergraph	808	860	1,054	79.5	127.8	7.8
15	4	1	4	International Business Machines	77,734	62,710	60,345	3,758.0	9,183.0	385.2
■	■	267	320	International Flavors & Fragrances	970	870	2,257	138.6	162.9	4.2
■	■	450	460	International Minerals & Chemical	2,000	1,166	1,179	81.8	155.4	8.4
■	395	■	■	International Multifoods	828	2,026	386	28.3	60.0	9.0
143	57	100	42	International Paper	11,582	11,378	5,613	864.0	1,423.0	59.5
■	■	464	■	Interpublic Group of Cos	1,741	1,218	1,141	70.6	100.9	14.8
■	■	■	422	Ipalco Enterprises	1,778	595	925	95.5	169.7	2.3
368	381	■	■	Itel	4,127	2,121	947	29.9	169.3	7.5
31	23	83	36	ITT	45,503	20,054	6,404	922.0	1,407.0	118.0
276	141	309	206	James River Corp of Virginia	5,882	6,071	1,989	245.0	532.0	40.5
340	■	387	321	Jefferson-Pilot	4,530	1,140	1,453	137.7	151.4	4.4
210	78	20	29	Johnson & Johnson	7,919	9,757	18,568	1,082.0	1,496.0	82.2
■	213	448	423	Johnson Controls	2,634	3,894	1,191	95.0	241.8	33.5
■	436	■	■	JWP	1,103	1,742	666	38.8	60.0	13.0
119	14	78	152	K mart	13,145	29,792	6,839	322.7	790.0	360.0
■	■	■	386	Kansas City Power & Light	2,621	731	1,010	108.6	204.7	2.9
■	■	■	493	Kansas Power & Light	1,959	1,128	782	72.8	146.1	4.5
■	■	■	462	Kaufman & Broad Home	1,487	1,265	336	81.4	85.7	1.0
423	188	70	117	Kellogg	3,390	4,652	7,359	422.1	589.7	17.4
■	■	493	■	Kelly Services	394	1,377	1,052	70.8	78.7	3.8
127	301	323	156	Kemper	12,696	2,774	1,848	307.4	307.4	10.0
■	■	■	459	Kentucky Utilities	1,133	532	752	82.3	137.1	2.1
429	272	239	292	Kerr-McGee	3,332	3,087	2,522	156.0	469.0	7.9

■ Not on 500 list

Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
104	458	487	323	KeyCorp	15,461	1,642	1,067	136.9	175.9	10.4
318	151	114	116	Kimberly-Clark	4,923	5,734	5,133	423.8	634.7	39.0
■	■	483	475	King World Productions	401	428	1,080	78.3	91.5	0.2
■	362	228	203	Knight-Ridder	2,135	2,268	2,634	247.2	355.5	21.2
360	26	485	■	Kroger	4,242	18,832	1,078	–16.3	225.0	170.0
■	489	■	413	Lafarge	1,544	1,497	972	100.0	177.9	7.6
479	■	■	■	Landmark Land	2,943	553	110	–0.3	36.4	4.5
411	■	■	■	Liberty National Bancorp	3,535	353	303	33.2	40.8	1.9
279	204	25	35	Eli Lilly	5,848	4,176	17,235	939.5	1,168.8	27.5
■	189	68	143	Limited	2,418	4,648	7,399	346.9	511.6	59.9
■	■	141	■	LIN Broadcasting	663	251	4,127	57.4	73.9	0.9
70	98	269	182	Lincoln National	25,070	8,081	2,226	268.9	308.8	15.9
302	178	334	267	Litton Industries	5,317	5,073	1,764	179.4	385.5	52.9
■	■	278	283	Liz Claiborne	849	1,411	2,138	164.6	180.3	5.1
238	74	262	■	Lockheed	6,792	9,891	2,291	2.0	370.0	84.7
43	61	64	38	Loews	32,451	11,113	7,842	907.1	1,014.1	25.7
407	■	■	■	Lone Star Technologies	3,601	608	99	–191.4	–182.2	2.4
198	350	280	■	Long Island Lighting	8,520	2,348	2,128	–95.8	58.1	6.3
■	383	■	■	Longs Drug Stores	567	2,111	851	61.3	79.5	13.3
■	■	■	476	Loral	1,459	1,156	783	78.2	142.4	9.7
■	■	389	■	Lotus Development	604	556	1,446	67.7	101.5	2.7
■	■	457	■	Louisiana Land & Exploration	1,199	713	1,161	46.9	163.3	0.7
■	398	348	252	Louisiana-Pacific	2,032	2,010	1,677	192.6	334.4	13.0
■	■	■	483	Louisville Gas & Electric	1,905	677	836	76.1	131.4	3.9
■	318	442	487	Lowe's Cos	1,147	2,651	1,216	74.9	121.0	15.0
257	132	■	189	LTV	6,336	6,362	163	264.9	497.0	38.4
■	■	415	428	Lubrizol	960	1,228	1,328	94.0	148.0	5.0
■	164	401	133	Lyondell Petrochemical	1,267	5,358	1,380	374.0	395.0	2.0
■	435	■	■	Mack Trucks	1,616	1,751	193	–185.7	–143.5	8.7
19	95	248	■	Manufacturers Hanover	60,479	8,300	2,404	–588.0	–461.0	21.6
166	■	■	390	Manufacturers National	10,305	1,099	741	107.3	128.0	5.7
■	372	■	245	Manville	2,578	2,192	408	196.8	310.8	18.1
■	394	412	364	Mapco	1,481	2,029	1,338	116.2	186.5	5.5
■	■	90	■	Marion Merrell Dow	1,848	1,078	6,083	46.3	86.0	3.9
242	107	223	269	Marriott	6,732	7,536	2,674	177.0	363.0	229.8
■	341	118	164	Marsh & McLennan Cos	2,035	2,428	4,971	294.9	384.2	23.2
228	■	■	448	Marshall & Ilsley	7,151	783	701	85.4	97.4	5.8
413	148	275	157	Martin Marietta	3,505	5,796	2,147	306.9	514.0	66.5
404	264	148	221	Masco	3,641	3,151	3,921	220.9	310.0	41.0
■	449	■	■	Masco Industries	2,236	1,687	459	46.6	123.4	14.6
■	■	■	470	Mattel	830	1,237	966	79.6	122.4	11.0
437	343	■	361	Maxxam	3,183	2,423	353	116.8	208.3	10.5
211	81	91	89	May Department Stores	7,802	9,602	6,032	498.0	767.0	125.0
■	271	332	331	Maytag	2,436	3,089	1,782	131.5	199.5	26.0
■	■	466	407	MBIA	1,786	172	1,133	102.3	106.7	0.2
363	249	162	254	MCA	4,211	3,382	3,756	191.8	1,216.1	17.4
467	■	116	■	McCaw Cellular Communications	3,041	504	5,022	–288.5	–85.7	2.4
■	■	■	326	McCormick & Co	865	1,246	841	135.5	170.3	7.6

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Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
184	142	40	57	McDonald's	9,175	6,066	11,360	726.7	1,164.7	176.0
117	36	284	■	McDonnell Douglas	13,397	14,589	2,120	40.0	582.0	124.7
■	428	233	■	McGraw-Hill	2,208	1,789	2,562	39.8	108.7	14.6
256	131	50	72	MCI Communications	6,338	6,471	8,845	603.0	1,258.0	18.4
■	104	385	394	McKesson	2,408	7,578	1,463	105.8	174.9	15.8
394	191	306	225	Mead	3,750	4,612	1,996	215.8	437.0	21.4
■	■	346	405	Medtronic	813	798	1,687	103.1	148.8	6.0
47	230	■	266	Mellon Bank	31,467	3,596	912	181.0	277.0	16.7
468	105	127	127	Melville	3,032	7,554	4,764	398.1	504.3	98.5
235	■	■	■	Mercantile Bancorporation	6,942	745	420	0.5	16.6	4.3
377	■	■	■	Mercantile Bankshares	4,018	433	586	62.0	69.8	2.5
■	356	399	333	Mercantile Stores	1,548	2,313	1,382	130.3	184.8	22.0
292	■	■	■	Merchants National	5,577	539	345	41.4	51.8	3.2
240	127	7	17	Merck	6,757	6,551	27,532	1,495.4	1,717.1	33.2
135	■	■	434	Meridian Bancorp	11,925	1,173	701	91.5	115.1	6.3
128	■	■	■	Meritor Savings Bank	12,640	1,322	83	–61.5	4.8	3.6
18	58	271	■	Merrill Lynch	63,942	11,335	2,196	–213.4	76.3	41.5
■	■	391	■	Metro Mobile CTS	385	144	1,426	–50.6	–26.6	0.7
■	359	■	■	Fred Meyer	797	2,285	306	–6.8	31.0	21.0
146	■	■	268	Michigan National	11,480	1,266	592	178.9	227.0	6.4
■	■	■	489	Micron Technology	687	403	446	74.0	120.6	2.7
■	■	92	232	Microsoft	922	953	6,018	210.5	243.9	3.4
74	354	■	236	Midlantic	23,666	2,320	729	206.3	253.2	10.6
175	51	22	22	Minnesota Mining & Manufacturing	9,776	11,990	18,537	1,244.0	2,005.0	86.6
■	■	■	439	Minnesota Power & Light	1,554	464	740	88.9	125.4	2.2
65	277	350	205	MNC Financial	25,536	3,019	1,663	245.1	308.4	12.3
34	7	13	12	Mobil	39,080	50,220	25,022	1,809.0	4,311.0	68.8
■	■	484	■	Molex	565	579	1,078	62.5	116.6	6.1
264	■	■	■	Monarch Capital	6,122	465	111	–24.4	–12.7	1.8
194	92	72	63	Monsanto	8,604	8,681	7,148	679.0	1,369.0	43.9
■	■	499	488	Montana Power	1,946	760	1,038	74.4	138.9	3.7
10	66	82	■	JP Morgan & Co	88,964	10,394	6,409	–1,275.0	–1,275.0	14.8
24	147	249	110	Morgan Stanley Group	53,276	5,831	2,400	443.0	484.0	6.5
■	375	■	■	Morrison Knudsen	726	2,170	604	32.2	60.8	12.6
■	488	327	432	Morton International	1,448	1,499	1,815	92.4	162.0	8.1
214	80	53	89	Motorola	7,686	9,620	8,637	498.0	1,148.0	103.0
460	■	■	■	Multibank Financial	3,068	439	105	21.7	25.4	1.7
■	454	374	■	Murphy Oil	2,075	1,653	1,504	46.6	265.9	4.4
■	■	333	350	Nalco Chemical	938	1,071	1,774	119.9	164.8	5.4
■	368	■	■	Nash Finch	381	2,224	227	13.2	36.3	10.7
77	324	281	190	National City	22,972	2,547	2,123	263.3	317.3	14.6
376	■	■	■	National Community Banks	4,023	386	219	45.0	53.1	2.2
■	278	■	■	National Intergroup	1,698	3,008	375	26.3	64.4	6.5
371	212	227	284	National Medical Enterprises	4,115	3,963	2,647	164.0	353.1	73.1
■	459	■	■	National Semiconductor	1,361	1,638	820	47.4	215.5	32.6
■	471	420	419	National Service Industries	894	1,587	1,312	96.8	132.9	20.6
402	207	498	■	Navistar International	3,656	4,116	1,040	31.4	92.1	14.5

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Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
63	325	274	194	**NBD Bancorp**	25,771	2,542	2,159	258.8	313.1	12.4
17	136	147	107	**NCNB**	66,191	6,152	3,922	447.1	577.8	27.0
343	146	121	121	**NCR**	4,500	5,956	4,898	412.0	708.0	58.0
370	457	345	319	**New England Electric System**	4,116	1,643	1,691	138.7	397.4	5.5
331	■	392	290	**New York State Electric & Gas**	4,670	1,428	1,424	157.8	306.2	4.5
■	431	322	188	**New York Times**	2,188	1,769	1,854	266.6	365.7	10.7
■	■	373	450	**Newell Co**	871	1,123	1,508	85.4	126.0	10.3
■	■	184	339	**Newmont Mining**	1,302	582	3,287	125.9	195.1	2.8
218	291	330	298	**Niagara Mohawk Power**	7,575	2,906	1,787	150.8	382.4	11.3
■	466	455	351	**Nicor**	2,137	1,622	1,163	119.9	226.1	3.9
■	393	257	229	**NIKE**	1,051	2,040	2,364	212.2	228.7	3.8
401	478	439	322	**Nipsco Industries**	3,671	1,560	1,236	137.3	303.1	4.9
■	311	246	369	**Nordstrom**	1,707	2,671	2,427	114.9	185.8	26.5
167	193	86	69	**Norfolk Southern**	10,244	4,536	6,219	606.2	953.2	33.3
416	■	■	■	**Northeast Bancorp**	3,468	378	276	0.6	8.8	1.9
298	■	■	■	**Northeast Savings FA**	5,402	689	24	0.4	16.1	1.4
251	371	268	238	**Northeast Utilities**	6,523	2,206	2,242	203.2	400.9	8.6
339	401	265	219	**Northern States Power**	4,593	1,990	2,267	222.0	501.1	7.5
157	■	481	373	**Northern Trust**	10,938	1,230	1,084	113.2	135.4	5.5
435	168	■	■	**Northrop**	3,196	5,248	747	–80.5	140.1	42.8
■	483	369	447	**Norton**	1,161	1,531	1,556	85.8	136.5	16.4
72	287	325	213	**Norwest**	24,335	2,930	1,834	237.0	296.2	15.7
■	■	393	■	**Novell**	376	429	1,424	52.6	69.4	2.1
■	■	398	■	**Nucor**	1,034	1,269	1,399	57.8	134.4	5.3
206	■	■	■	**NWNL**	8,271	1,393	377	53.5	53.5	3.0
62	43	30	48	**Nynex**	25,910	13,211	16,056	807.6	3,124.5	96.4
86	22	71	198	**Occidental Petroleum**	20,741	20,068	7,332	256.0	1,382.0	53.0
■	■	497	■	**Ogden**	2,598	1,369	1,043	67.0	110.1	42.0
445	474	■	410	**Ohio Casualty**	3,146	1,577	974	101.5	107.8	5.5
213	376	200	136	**Ohio Edison**	7,723	2,155	2,975	361.0	634.4	7.1
■	■	386	335	**Oklahoma Gas & Electric**	2,524	1,141	1,457	129.4	230.7	3.7
208	■	■	449	**Old Kent Financial**	8,127	863	663	85.4	95.7	4.6
449	■	■	414	**Old Republic International**	3,124	1,175	454	99.0	132.9	4.7
359	■	■	■	**Old Stone**	4,246	510	83	–20.7	–8.2	2.4
■	328	480	342	**Olin**	1,904	2,509	1,088	124.0	246.0	15.9
■	■	185	417	**Oracle Systems**	584	769	3,268	97.7	130.0	3.2
365	■	128	■	**Oryx Energy**	4,185	1,140	4,757	54.0	373.0	3.1
■	279	■	277	**Owens-Corning Fiberglas**	1,924	3,000	883	172.0	346.0	18.3
461	250	375	209	**Paccar**	3,067	3,331	1,500	241.9	294.6	13.4
224	123	191	231	**Pacific Enterprises**	7,326	6,762	3,156	211.0	563.0	42.2
82	93	47	40	**Pacific Gas & Electric**	21,352	8,588	9,116	900.6	1,994.3	26.4
83	82	21	23	**Pacific Telesis Group**	21,194	9,593	18,548	1,242.0	3,084.0	69.1
136	224	106	100	**PacifiCorp**	11,895	3,717	5,415	465.6	1,047.2	16.0
81	288	■	■	**PaineWebber Group**	22,096	2,926	437	52.0	81.4	12.9
■	■	408	■	**Pall**	766	523	1,359	58.3	83.9	5.9
■	232	■	■	**Pan Am**	2,400	3,561	425	–336.6	–130.7	26.3
258	300	256	■	**Panhandle Eastern**	6,266	2,781	2,370	58.4	251.7	4.7
234	244	111	18	**Paramount Communications**	6,954	3,463	5,229	1,417.4	2,141.4	11.8

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Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
■	334	390	392	**Parker Hannifin**	1,922	2,479	1,430	106.4	207.1	33.4
440	441	355	274	**Penn Central**	3,178	1,725	1,616	174.1	227.0	14.5
■	308	■	■	**Penn Traffic**	1,208	2,700	114	–21.2	31.0	22.0
126	32	57	50	**JC Penney**	12,698	16,103	8,249	802.0	1,077.0	194.0
215	349	192	140	**Pennsylvania Power & Light**	7,599	2,356	3,149	353.4	655.9	8.2
320	352	188	403	**Pennzoil**	4,882	2,330	3,209	103.5	280.7	10.4
232	■	■	■	**People's Bank**	7,054	708	249	32.5	50.1	2.6
■	■	■	451	**Peoples Energy**	1,641	1,251	735	84.9	135.7	3.4
106	35	28	39	**PepsiCo**	15,127	15,242	16,257	901.4	1,673.4	250.5
■	■	499	■	**Perkin-Elmer**	1,000	596	1,038	–37.1	–22.9	6.6
278	■	■	■	**Perpetual Financial**	5,866	642	78	4.5	18.0	1.7
■	■	486	■	**Petrie Stores**	877	1,258	1,076	32.3	92.5	22.5
203	154	45	62	**Pfizer**	8,325	5,672	9,734	681.1	888.2	41.5
■	309	292	186	**Phelps Dodge**	2,505	2,700	2,077	267.0	400.4	12.0
330	420	■	■	**PHH**	4,675	1,868	585	52.2	686.2	4.4
124	248	157	77	**Philadelphia Electric**	12,720	3,406	3,816	590.4	908.8	11.3
35	8	5	6	**Philip Morris Cos**	38,528	39,011	36,566	2,946.0	4,140.0	156.0
150	48	88	224	**Phillips Petroleum**	11,256	12,384	6,158	219.0	1,325.0	21.4
354	■	■	■	**PHM**	4,325	1,130	218	55.8	67.4	2.1
233	486	458	■	**Pinnacle West Capital**	7,000E	1,508	1,160	–551.4	–344.6	10.7
■	■	419	482	**Pioneer Hi-Bred International**	1,136	870	1,318	77.0	127.1	4.2
289	294	167	264	**Pitney Bowes**	5,611	2,876	3,624	186.7	381.3	30.4
■	462	■	■	**Pittston**	984	1,631	707	3.8	51.3	14.6
30	190	161	130	**PNC Financial**	45,661	4,645	3,763	377.4	448.0	17.7
■	415	244	312	**Polaroid**	1,777	1,905	2,433	145.0	232.4	11.5
■	■	449	324	**Potlatch**	1,686	1,228	1,183	136.7	214.0	7.3
335	■	286	226	**Potomac Electric Power**	4,643	1,395	2,106	214.6	334.4	5.4
286	150	129	101	**PPG Industries**	5,645	5,734	4,592	465.2	775.4	35.5
■	321	■	474	**Premark International**	1,757	2,592	919	78.4	158.4	24.4
361	■	■	■	**Premier Bancorp**	4,227	418	114	–105.6	–80.7	2.7
■	■	384	495	**Premier Industrial**	291	616	1,463	72.5	79.3	4.6
■	173	305	347	**Price Co**	1,340	5,150	1,998	122.5	144.5	11.8
93	153	196	168	**Primerica**	17,955	5,695	3,002	289.0	289.0	20.5
92	19	16	20	**Procter & Gamble**	17,996	22,605	23,272	1,395.0	2,207.0	78.3
499	■	■	478	**Progressive**	2,647	1,393	886	78.0	95.4	6.0
137	319	492	305	**Provident Life & Accident**	11,852	2,639	1,053	148.0	185.6	5.3
■	■	■	340	**PSI Holdings**	2,003	1,059	908	125.2	219.3	4.2
466	437	429	302	**Public Service Co of Colorado**	3,045	1,741	1,270	148.8	264.6	6.6
493	■	■	■	**Public Service Co of New Hampshire**	2,703	619	158	–10.5	24.9	2.0
■	■	■	456	**Public Service Co of New Mexico**	2,400	915	528	82.6	154.6	3.1
122	184	104	84	**Public Service Enterprise Group**	12,919	4,805	5,489	542.1	1,139.7	12.9
356	■	■	■	**Puget Sound Bancorp**	4,294	458	365	27.9	34.8	2.5
■	■	469	359	**Puget Sound Power & Light**	2,509	888	1,125	117.7	219.7	2.5
448	152	168	244	**Quaker Oats**	3,125	5,729	3,576	197.7	342.1	31.5
473	312	■	202	**Quantum Chemical**	3,004	2,671	560	247.4	399.3	10.5
344	119	122	141	**Ralston Purina**	4,495	6,858	4,895	350.1	576.0	56.5
300	89	139	87	**Raytheon**	5,338	8,796	4,150	528.8	810.5	76.9

■ Not on 500 list E: Estimate.

Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
■	416	207	279	**Readers Digest Association**	1,439	1,902	2,887	170.7	207.0	7.4
■	423	307	273	**Reebok International**	1,166	1,822	1,992	175.0	202.9	2.6
163	209	■	■	**Reliance Group Holdings**	10,400	4,012	429	21.7	42.6	9.1
66	322	395	■	**Republic New York**	25,467	2,575	1,413	24.0	57.6	3.7
294	138	186	85	**Reynolds Metals**	5,556	6,143	3,264	532.7	732.5	30.5
223	■	■	■	**Riggs National**	7,337	695	255	39.4	54.6	2.3
■	265	417	404	**Rite Aid**	1,534	3,134	1,323	103.2	185.9	28.9
■	313	370	421	**Roadway Services**	1,273	2,661	1,539	95.5	236.0	33.5
380	■	■	■	**Rochester Community Savings Bank**	3,977	440	187	20.0	25.8	1.6
187	46	103	58	**Rockwell International**	9,033	12,534	5,491	720.7	1,331.9	110.4
■	314	276	270	**Rohm & Haas**	2,455	2,661	2,140	176.4	325.9	12.7
■	■	252	445	**Rorer Group**	1,792	1,182	2,387	86.5	150.3	8.5
■	487	■	■	**Rose's Stores**	494	1,508	126	8.9	28.6	21.0
■	■	461	■	**Rouse**	2,293	495	1,158	9.7	57.4	5.1
■	■	230	363	**Rubbermaid**	915	1,344	2,609	116.4	179.1	8.4
■	■	494	■	**Russell**	721	688	1,052	64.7	110.4	13.1
275	177	380	■	**Ryder System**	5,938	5,073	1,480	52.2	677.4	43.7
362	■	■	■	**Ryland Group**	4,212	1,402	252	44.0	59.9	2.7
182	297	264	160	**Safeco**	9,279	2,808	2,285	300.2	332.6	8.7
■	■	489	■	**Safety-Kleen**	538	478	1,062	46.0	80.0	4.8
■	■	400	■	**St Joe Paper**	1,281	635	1,380	67.2	117.7	5.6
■	■	476	■	**St Jude Medical**	202	148	1,092	50.9	54.3	0.4
427	■	■	■	**St Paul Bancorp**	3,345	320	168	10.6	13.8	1.0
156	220	198	126	**St Paul Cos**	11,030	3,789	2,995	398.2	449.7	13.2
7	86	237	99	**Salomon**	118,250	8,999	2,541	470.0	549.0	8.7
409	388	258	262	**San Diego Gas & Electric**	3,546	2,082	2,363	187.1	364.2	4.3
247	282	193	■	**Santa Fe Pacific**	6,609	2,978	3,138	–195.4	115.8	19.1
226	53	80	111	**Sara Lee**	7,229	11,746	6,484	440.8	782.7	93.8
475	■	421	346	**Scana**	2,985	1,123	1,295	122.6	244.5	4.3
101	118	56	52	**SCEcorp**	16,495	6,904	8,302	778.2	1,625.3	17.0
406	263	49	98	**Schering-Plough**	3,614	3,158	8,910	471.3	583.2	21.9
415	■	■	■	**Charles Schwab**	3,480	553	426	18.9	71.5	2.5
284	179	183	132	**Scott Paper**	5,746	5,066	3,301	375.5	681.7	28.2
■	■	351	437	**EW Scripps**	1,565	1,266	1,645	89.3	237.7	9.9
■	426	■	395	**Seagate Technology**	1,866	1,797	1,032	104.7	189.7	40.0
375	■	■	■	**Seamen's**	4,024	289	0	–167.1	–148.2	0.4
12	6	38	16	**Sears, Roebuck**	86,972	53,794	13,152	1,508.5	2,169.5	510.0
491	■	■	■	**Security Bancorp**	2,725	308	194	28.6	33.2	2.2
13	73	134	55	**Security Pacific**	83,943	10,018	4,319	740.6	856.6	40.9
■	404	■	■	**Sequa**	2,344	1,959	687	55.9	139.3	16.9
■	252	■	499	**Service Merchandise**	1,664	3,307	367	72.0	126.2	20.0
424	■	■	■	**SFFed Corp**	3,386	418	97	–8.6	–3.7	0.9
57	363	459	■	**Shawmut National**	27,912	2,262	1,160	–128.9	–52.9	12.9
■	380	368	384	**Sherwin-Williams**	1,375	2,123	1,560	108.9	153.2	16.7
■	■	396	■	**Sigma-Aldrich**	472	441	1,401	64.0	80.4	3.5
129	■	■	343	**Signet Banking**	12,476	1,372	721	123.3	151.1	5.7
■	439	■	■	**Smith's Food & Drug Centers**	728	1,732	670	26.1	58.9	13.8
■	■	416	396	**Snap-on Tools**	778	891	1,326	104.7	126.6	7.3

■ Not on 500 list.

Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
159	■	479	381	Society	10,903	1,139	1,088	110.0	139.0	6.0
349	■	■	■	Society for Savings	4,417	537	188	46.0	60.0	1.3
457	430	308	383	Sonat	3,084	1,778	1,989	109.0	272.1	4.7
■	453	383	402	Sonoco Products	995	1,656	1,465	103.6	170.8	15.0
261	■	■	■	South Carolina National	6,216	659	466	59.2	80.8	3.9
100	445	■	466	Southeast Banking	16,525	1,706	483	80.5	118.4	8.3
78	108	60	44	Southern Company	22,845	7,492	8,090	846.0	1,801.0	31.5
480	■	■	■	Southern National	2,924	310	276	23.8	30.8	2.1
439	452	255	259	Southern New England Telecommunications	3,179	1,671	2,371	189.1	420.7	13.2
212	■	■	494	SouthTrust	7,763	763	563	72.8	84.0	4.2
397	■	■	■	Southwest Gas	3,706	845	337	42.7	88.3	2.8
84	91	27	28	Southwestern Bell	21,161	8,730	16,532	1,092.8	2,984.2	65.6
■	■	446	341	Southwestern Public Service	1,666	821	1,202	124.9	180.9	2.1
67	317	291	180	Sovran Financial	25,442	2,651	2,079	269.2	346.8	14.6
■	446	495	491	Spiegel	1,424	1,696	1,046	73.3	104.1	9.7
■	414	■	■	Springs Industries	1,188	1,909	635	64.9	137.1	23.5
■	■	■	463	SPX	575	632	358	81.3	101.0	5.0
■	463	431	409	Square D	1,382	1,631	1,264	101.9	152.8	20.2
176	■	■	■	Standard Federal Bank	9,638	971	253	45.7	64.1	2.1
■	402	377	360	Stanley Works	1,491	1,972	1,483	117.7	187.5	18.5
273	■	■	■	Star Banc	5,949	636	546	58.0	76.0	3.6
171	■	405	399	State Street Boston	9,983	1,092	1,371	104.0	124.3	7.5
259	165	423	171	Stone Container	6,254	5,330	1,288	285.8	522.9	27.8
39	255	133	195	Student Loan Marketing Assn	35,488	3,281	4,436	257.6	257.6	1.8
■	460	■	■	Subaru of America	651	1,637	316	–20.1	–8.0	1.1
350	■	■	■	Sumitomo Bank of California	4,401	438	247	34.0	39.9	1.6
387	■	■	■	Summit Bancorp	3,865	425	342	52.2	58.4	1.9
191	76	153	415	Sun Company	8,699	9,805	3,881	98.0	500.0	21.5
■	390	295	■	Sun Microsystems	1,461	2,062	2,069	36.1	165.4	10.4
■	468	411	349	Sundstrand	1,503	1,595	1,341	120.8	217.0	13.8
48	254	219	146	SunTrust Banks	31,044	3,296	2,705	337.3	425.5	20.1
455	■	■	■	Sunwest Financial Service	3,086	310	176	20.1	28.6	2.3
■	444	■	■	Super Food Services	289	1,710	180	16.1	22.3	2.1
497	62	316	315	Super Valu Stores	2,678	11,000	1,906	141.6	271.3	37.7
■	114	232	353	Sysco	2,008	7,326	2,599	119.6	200.0	18.7
268	■	■	■	Talman Home Federal S&L of Illinois	6,063	568	65	20.2	48.1	1.9
■	■	372	■	Tambrands	411	583	1,536	1.7	14.7	4.5
■	450	203	358	Tandem Computers	1,668	1,677	2,948	117.8	232.5	9.1
436	200	217	159	Tandy	3,194	4,284	2,710	303.9	386.9	37.5
333	■	■	■	TCF Financial	4,657	534	87	11.1	25.8	2.3
■	■	353	327	TECO Energy	2,387	1,060	1,633	133.8	245.7	4.4
■	485	■	455	Tecumseh Products	1,034	1,510	697	82.6	126.5	16.6
147	276	125	■	Tele-Communications	11,432	3,026	4,813	–257.0	281.0	31.2
418	234	158	300	Teledyne	3,447	3,531	3,810	150.3	248.1	35.1
■	■	478	■	Telephone & Data Systems	771	240	1,090	11.1	11.1	2.5
225	379	342	235	Temple-Inland	7,249	2,124	1,735	207.4	336.4	11.5
96	39	55	79	Tenneco	17,381	14,083	8,407	584.0	1,081.0	92.0

■ Not on 500 list.

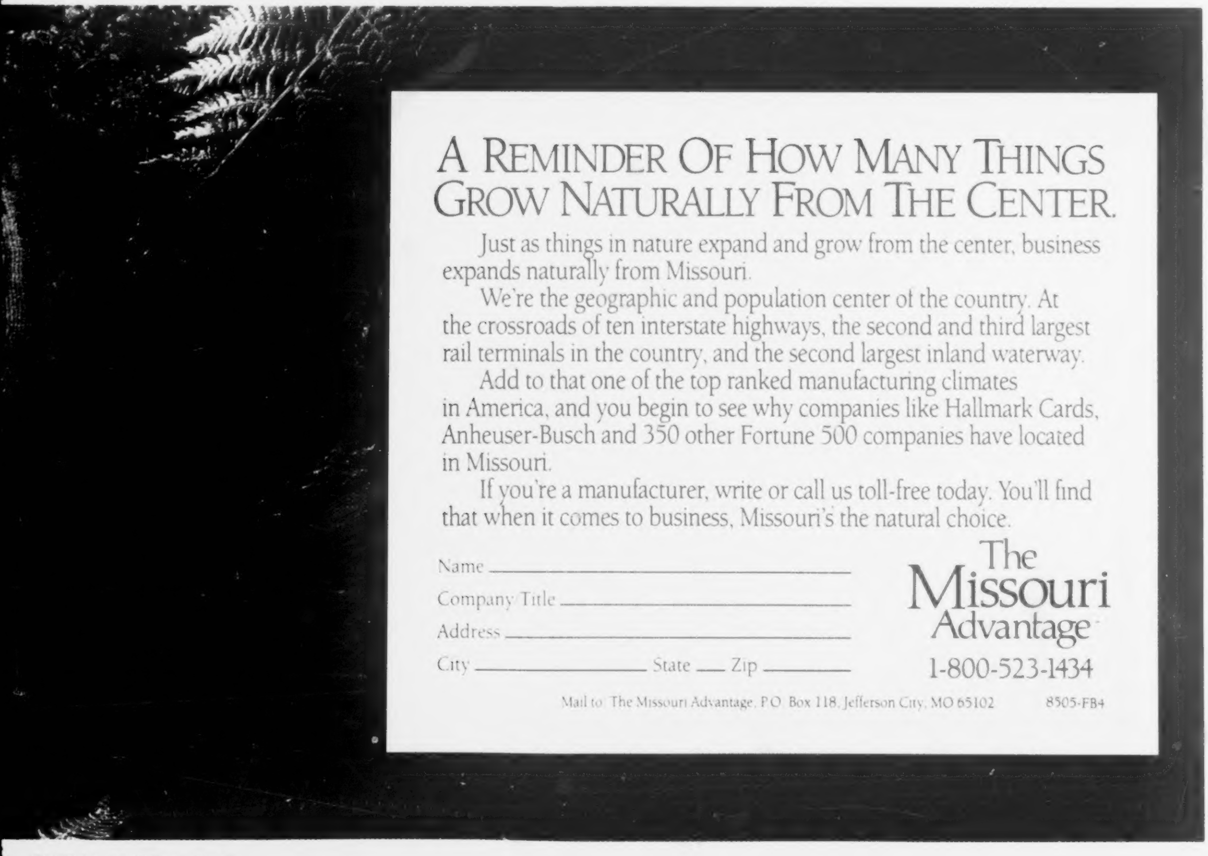
Ranking The Forbes 500s

Where they rank: 1989										
Assets	**Sales**	**Market value**	**Net profits**	**Company**	**Assets ($mil)**	**Sales ($mil)**	**Market value ($mil)**	**Net profits ($mil)**	**Cash flow ($mil)**	**Number employed (thou)**
64	13	34	10	**Texaco**	25,636	32,416	15,423	2,413.0	4,075.0	39.4
216	126	■	■	**Texas Air**	7,577	6,685	353	–885.6	–367.3	68.0
324	129	202	167	**Texas Instruments**	4,804	6,522	2,955	291.7	745.4	74.8
97	199	85	51	**Texas Utilities**	17,219	4,321	6,228	779.1	1,051.1	15.5
115	110	290	183	**Textron**	13,790	7,440	2,081	268.7	483.0	59.0
71	102	108	■	**Time Warner**	24,791	7,642	5,360	–256.0	275.0	26.8
381	243	130	162	**Times Mirror**	3,947	3,475	4,456	298.0	519.2	28.5
■	482	■	■	**Timken**	1,566	1,533	895	55.3	146.4	17.6
■	377	468	443	**TJX Cos**	1,096	2,149	1,129	86.8	128.7	29.0
319	461	238	230	**Torchmark**	4,921	1,634	2,531	211.3	228.6	6.0
■	500	■	■	**Tosco**	938	1,441	283	40.5	100.0	1.3
459	185	66	153	**Toys "R" Us**	3,075	4,788	7,757	321.1	386.9	35.9
53	121	201	148	**Transamerica**	29,840	6,834	2,960	332.2	543.4	18.0
372	281	426	375	**Transco Energy**	4,110	2,989	1,282	112.5	317.2	4.9
22	47	181	115	**Travelers**	56,563	12,523	3,342	424.0	519.3	37.0
465	335	205	208	**Tribune**	3,051	2,455	2,938	242.4	370.5	17.1
■	406	■	■	**Trinova**	1,361	1,942	932	32.3	95.9	21.9
452	■	■	■	**Trustmark**	3,108	308	197	28.1	37.8	1.9
304	113	199	191	**TRW**	5,259	7,340	2,995	263.0	303.0	73.8
481	■	■	■	**Tucson Electric Power**	2,905	594	360	–82.1	–37.6	1.1
■	■	260	■	**Turner Broadcasting System**	2,115	1,059	2,312	–27.6	119.4	3.3
■	231	■	■	**Turner Corp**	861	3,562	70	2.8	13.4	3.4
405	241	■	■	**TW Holdings**	3,624	3,485	351	–57.3	102.8	115.0
■	■	■	436	**20th Century Industries**	1,061	706	591	91.0	105.7	1.6

■ Not on 500 list.

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
■	386	303	397	**Tyco Laboratories**	1,356	2,100	2,008	104.7	163.2	13.0
■	285	337	401	**Tyson Foods**	2,592	2,937	1,758	103.7	196.6	34.1
227	77	177	151	**UAL**	7,207	9,794	3,431	324.2	841.2	67.8
133	■	■	356	**UJB Financial**	12,172	1,224	755	118.5	126.0	6.4
105	455	■	318	**Union Bank**	15,376	1,650	783	138.9	160.9	7.6
421	303	245	161	**Union Camp**	3,417	2,761	2,428	299.4	515.4	18.6
197	90	195	80	**Union Carbide**	8,546	8,744	3,079	573.0	1,071.0	45.0
283	397	218	172	**Union Electric**	5,760	2,010	2,706	285.6	568.6	7.2
130	130	76	75	**Union Pacific**	12,459	6,492	6,903	595.0	1,198.0	48.1
378	■	■	■	**Union Planters**	4,003	432	176	–22.3	–1.0	2.6
■	■	362	275	**Union Texas Petroleum Holdings**	1,721	981	1,573	172.6	326.6	1.9
160	70	243	■	**Unisys**	10,751	10,097	2,436	–639.3	64.9	87.7
369	■	324	■	**United Artists Entertainment**	4,119	1,067	1,846	–91.9	51.0	19.4
266	■	■	■	**United Banks of Colorado**	6,080	635	291	18.1	35.2	3.7
374	■	■	■	**United Missouri Bancshares**	4,038	385	373	37.6	51.5	2.7
98	451	388	299	**US Bancorp**	16,975	1,672	1,452	150.8	173.8	9.7
■	331	■	■	**US Shoe**	1,196	2,492	950	51.4	125.2	46.0
110	25	77	60	**United Technologies**	14,598	19,532	6,872	702.1	1,322.3	194.1
174	106	61	135	**United Telecommunications**	9,821	7,549	7,949	362.9	1,324.8	39.6
■	292	■	■	**Universal**	1,440	2,902	540	47.3	72.9	20.0
183	71	74	192	**Unocal**	9,257	10,056	7,079	260.0	1,264.0	17.8
196	410	363	293	**UNUM**	8,556	1,934	1,571	155.4	155.4	4.1
434	290	73	271	**Upjohn**	3,247	2,907	7,129	176.0	296.5	20.6
68	79	37	26	**US West**	25,426	9,691	13,620	1,110.7	2,823.1	70.2

■ Not on 500 list.



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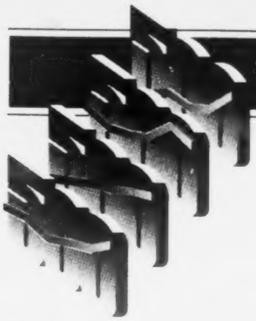
Ranking The Forbes 500s

Where they rank: 1989										
Assets	Sales	Market value	Net profits	Company	Assets ($mil)	Sales ($mil)	Market value ($mil)	Net profits ($mil)	Cash flow ($mil)	Number employed (thou)
267	133	414	■	USAir Group	6,069	6,252	1,330	–63.2	206.6	50.7
116	187	251	362	USF&G	13,604	4,679	2,395	116.7	194.9	11.9
■	373	■	■	USG	1,602	2,191	225	28.0	112.0	14.2
353	■	■	467	USLife	4,336	1,200	633	80.3	90.5	2.1
■	■	208	257	UST Inc	636	670	2,867	190.5	207.0	3.3
95	30	48	32	USX	17,500	17,533	9,009	965.0	2,301.0	53.6
454	361	318	408	Valhi	3,098	2,269	1,896	102.3	203.7	16.3
444	■	■	■	Valley Bancorp	3,154	315	289	29.7	39.4	2.4
443	■	■	■	Valley Federal Savings & Loan Assn	3,170	338	4	–72.9	–68.7	1.1
162	■	■	■	Valley National	10,519	1,201	274	–149.2	–121.6	7.3
■	326	331	272	VF	1,890	2,533	1,783	176.0	267.0	44.0
393	■	213	332	Viacom	3,753	1,436	2,762	131.1	266.9	4.7
■	■	■	406	Vista Chemical	585	758	368	102.8	140.2	1.7
■	169	■	■	Vons Cos	1,655	5,221	794	–25.1	49.9	35.0
■	■	336	336	Vulcan Materials	1,003	1,076	1,761	129.4	220.3	6.3
■	391	■	■	Waban	537	2,057	243	28.8	43.7	11.3
207	16	10	30	Wal-Mart Stores	8,198	25,922	26,325	1,075.9	1,345.3	247.0
■	158	231	288	Walgreen	1,811	5,555	2,599	158.2	223.7	47.4
■	320	■	■	Wang Laboratories	2,406	2,620	906	–511.0	–209.0	28.3
487	203	75	120	Warner-Lambert	2,860	4,196	6,944	412.7	517.5	33.5
248	■	■	■	Washington Mutual Savings Bank	6,594	660	256	19.8	25.1	2.0
482	■	■	■	Washington National	2,899	810	245	9.8	21.5	3.1
■	498	187	243	Washington Post	1,532	1,444	3,225	197.9	284.0	6.3
■	■	■	497	Washington Water Power	1,392	590	634	72.1	127.2	2.5
253	194	31	82	Waste Management	6,405	4,459	15,604	562.1	956.9	39.4
■	■	409	446	Weis Markets	656	1,239	1,359	86.4	108.5	14.5
27	156	169	73	Wells Fargo	48,737	5,649	3,546	601.1	754.7	19.6
352	■	■	■	West One Bancorp	4,350	429	292	33.6	41.3	2.9
431	■	■	■	Western Capital Investment	3,262	306	58	–93.3	–85.8	1.5
88	45	43	36	Westinghouse Electric	20,314	12,844	10,750	922.0	1,289.0	122.0
474	355	340	222	Westvaco	2,998	2,315	1,738	220.9	380.0	14.9
■	170	■	■	Wetterau	1,047	5,189	600	45.9	89.1	14.0
103	69	113	145	Weyerhaeuser	15,976	10,106	5,145	341.1	822.3	46.1
■	492	406	■	Wheelabrator Technologies	2,250	1,493	1,371	58.5	88.8	9.9
■	■	■	338	Wheeling-Pittsburgh Steel	1,486	1,147	61	128.8	175.7	6.3
299	137	288	261	Whirlpool	5,354	6,152	2,090	187.2	409.1	39.4
396	210	224	256	Whitman	3,718	3,986	2,659	190.7	310.7	24.6
490	■	■	■	Whitney Holding	2,766	236	287	–60.0	–52.6	1.3
■	418	404	255	Willamette Industries	1,604	1,892	1,373	191.1	295.3	9.3
384	442	427	■	Williams Cos	3,900	1,717	1,272	52.5	193.7	3.4
399	■	■	■	Wilmington Trust	3,703	379	680	59.4	65.0	1.9
■	83	253	309	Winn-Dixie Stores	1,635	9,486	2,386	146.6	273.8	88.9
430	491	313	249	Wisconsin Energy	3,318	1,493	1,928	194.0	335.7	5.6
■	470	■	■	Witco	1,139	1,588	769	35.0	91.8	7.5
383	88	144	149	Woolworth	3,907	8,820	4,064	329.0	533.0	132.0
■	■	312	393	Wm Wrigley Jr	499	993	1,931	106.1	130.8	5.6
51	28	115	59	Xerox	30,088	17,635	5,111	704.0	1,469.0	112.3
■	369	■	■	Yellow Freight System	1,082	2,220	748	18.6	141.9	29.2
■	479	■	■	Zenith Electronics	918	1,549	267	–68.4	–27.9	32.5
476	■	■	■	Zions Bancorporation	2,975	321	165	13.9	22.7	2.0

■ Not on 500 list.

The Forbes 500s on Wall Street



How have the 783 giants of American business performed in the stock market? What do the analysts predict for earnings this year? How do the stocks compare in their price/earnings and price/sales ratios?

			Stock price			Stock performance —latest 12 months—		Stock price ratios price/earnings			
Company/fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
Abbott Laboratories/Dec	ABT	n	70– 25	70– 51	63¾	23%	110%	28– 13	16.6	14.4	2.61
Aetna Life & Cas/Dec	AET	n	68– 39	63– 48	48½	–3	87	25– 6	8.5	8.9	0.28
HF Ahmanson/Dec	AHM	n	29– 10	25– 16	17	3	92	13– 4	8.7	6.4	0.38
Air Prods & Chems/Sept	APD	n	54– 24	51– 40	49¼	19	106	NM– 9	12.9	12.2	1.03
Albertson's/Jan	ABS	n	60– 14	60– 40	54⅜	37	122	21– 11	18.6	16.1	0.49
Alco Standard/Sept	ASN	n	37– 15	37– 26	31⅞	23	109	18– 8	11.6	11.9	0.31
Alexander & Alexander/Dec	AAL	n	42– 16	34– 24	25⅞	5	94	29– 9	17.9	14.6	0.84
Alexander & Baldwin/Dec	ALEX	o	40– 11	40– 28	29	–19	72	15– 7	6.6	10.2	2.16
Allegheny Ludlum/Dec	ALS	n	44– 15*	44– 32	41	8	96	14– 5*	6.9	9.0	0.78
Allegheny Power/Dec	AYP	n	54– 28	43– 36	39¼	9	97	13– 8	10.6	10.0	0.92
Allied-Signal/Dec	ALD	n	55– 26	40– 32	35⅞	11	99	NM– 6	10.1	10.1	0.44
Alltel/Dec	AT	n	42– 12	42– 27	32	16	103	18– 8	13.8	12.7	1.73
Alcoa/Dec	AA	n	80– 30	80– 58	65⅝	14	101	NM– 5	6.2	7.8	0.53
ALZA Corp/Dec	AZA	a	46– 10	46– 24	38¾	59	142	NM– 38	70.5	42.1	15.15
AMAX/Dec	AMX	n	30– 11	30– 21	25¾	10	98	NM– 2	6.2	8.3	0.57
AmBase/Dec	ABC	n	32– 7*	16– 7	7⅛	–49	45	NM– 3*	2.5	3.5	0.07
Amdahl/Dec	AMH	a	28– 5	23– 11	14⅝	–13	78	45– 7	10.5	9.6	0.76
Amerada Hess/Dec	AHC	n	52– 17	52– 36	47	32	118	NM– 6	8.0	13.9	0.68
American Brands/Dec	AMB	n	82– 27	82– 62	64¼	1	90	17– 7	9.9	9.1	0.85
American Capital/Dec	ACC	a	9– 5/16	3– 5/16	⅜	–84	14	NM– 6	NM	NA	0.01
American Cyanamid/Dec	ACY	n	60– 24	60– 47	51⅝	2	91	26– 10	16.6	12.8	1.02
American Electric/Dec	AEP	n	33– 20	33– 26	30½	17	104	13– 8	9.4	9.4	1.15
American Express/Dec	AXP	n	41– 20	39– 27	26⅞	–10	80	40– 10	10.0	8.9	0.45
American Family/Dec	AFL	n	23– 6	23– 15	14¾	–8	82	23– 9	14.8	9.5	0.49
American General/Dec	AGC	n	47– 27	39– 28	31⅝	–4	85	14– 8	8.4	8.8	0.82
American Greetings/Feb	AGREA	o	42– 13	37– 22	34	49	132	20– 9	16.1	13.1	0.86
American Home Prods/Dec	AHP	n	110– 55	110– 85	99⅝	18	105	19– 10	14.1	12.6	2.31
American Intl Group/Dec	AIG	n	112– 35	112– 76	93¼	21	108	26– 7	11.3	11.1	1.08
American Natl Ins/Dec	ANAT	o	51– 23	39– 33	34¼	–1	88	17– 7	9.5	10.0	0.95
American Petrofina/Dec	APIA	a	90– 38	90– 67	75⅛	2	91	19– 7	9.6	NA	0.38
American President/Dec	APS	n	51– 14	38– 22	24⅝	–33	60	NM– 4	NM	28.3	0.22

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

As a group, the 783 stocks appearing on at least one Forbes 500 list went up an average 8% in the year ended Mar. 23, 1990. Even with dividends, that's no great shakes, what with riskless one-year CDs and Treasury bills returning more than 9%. What happened? Much of the damage came from busted savings and loans, whose stocks collapsed, dragging the whole list down. Of the 15 worst-performing companies, 11 are thrifts. Also, this performance figure is equal-weighted. This means the 46% gain in Wal-Mart Stores, which has a market capitalization of $26 billion, had less impact than the 85% loss in Crossland Savings, whose market value is only $29 million. Minus the thrifts, the list didn't do much worse than the overall market.

A capitalization-weighted index of the overall market, the Investor's Daily 6,000, rose 12.3% during the latest 12 months. We use this index to calculate the relative-to-market performance of the 783 companies below. This means that a company with a relative performance of 100 tied the index. In general, the relative performance figure works this way: Calculate the ending value of $100 invested in the stock, then divide by the ending value of $1 invested in the market.

In this table we designate as fiscal 1989 any fiscal year ending between June 1989 and May 1990. Earnings reflect discontinued operations but don't include extraordinary items. Earnings estimates for next year were provided by the Institutional Brokers Estimate System. If a firm has not reported 1989 earnings we substitute the IBES estimate, if available, and mark the figure with an "E."

The estimate usually reflects several analysts' opinions about next year's earnings. The "confidence factor on estimate" (ranging from very high to very low) shows how much or how little agreement there is among the analysts. To illustrate, the very low confidence factor assigned to Texas Air means there is wide divergence of opinion.

Our five-year price range runs from Mar. 29, 1985 to Mar. 23, 1990. These prices are adjusted for stock splits but not for spinoffs or special cash dividends. But those distributions were counted in the latest 12-month performance. William O'Neil & Co. of Los Angeles, publisher of *Investor's Daily*, provided most of the stock market data.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
16.0%	$3.85	$3.85	$4.42	15%	30	very high	$1.68	2.6%	44%	19%
3.3	5.69	5.69	5.45	–4	31	average	2.76	5.7	49	5
4.4	1.95	1.95	2.65	36	15	average	0.88	5.2	45	25
7.9	3.83	4.04	4.05	0	25	average	1.32	2.7	34	21
2.6	2.93	2.93	3.38	15	24	high	0.96	1.8	33	18
2.6	2.75	3.94	2.68	–32	14	high	0.84	2.6	31	7
4.7	1.45	1.45	1.77	22	22	average	1.00	3.9	69	0
32.7	4.38	4.38	2.85	–35	6	average	0.80	2.8	18	12
11.3	5.94	5.94	4.55	–23	7	low	1.20	2.9	20	NA
8.6	3.72	3.72	3.93	6	23	high	3.16	8.1	85	3
4.4	3.55	3.55	3.54	0	18	average	1.80	5.0	51	0
12.6	2.32	2.32	2.53	9	18	high	1.28	4.0	55	9
8.7	10.67	10.67	8.47	–21	27	low	3.00	4.6	28	25
22.9	0.55	0.55	0.92	67	14	average	none	NA	NA	NA
9.3	4.19	4.19	3.09	–26	19	low	0.80	3.1	19	NA
2.7	2.82	2.82	2.06	–27	13	low	0.20	2.8	7	NA
7.3	1.39	1.39	1.52	9	24	average	0.10	0.7	7	0
8.5	5.87	5.87	3.39	–42	24	low	0.60	1.3	10	–16
8.7	6.51	6.51	7.04	8	23	average	2.72	4.2	42	6
def	–1.55	NA	NA	NA	NA	NA	none	NA	NA	NA
6.1	3.12	3.12	4.03	29	20	average	1.35	2.6	43	9
12.2	3.25	3.25	3.24	0	25	very high	2.40	7.9	74	1
4.6	2.70	2.70	3.03	12	25	average	0.92	3.4	34	9
3.3	1.00	1.00	1.56	56	20	average	0.32	2.2	32	18
11.0	3.76	3.76	3.59	–5	28	average	1.58	5.0	42	11
5.4	2.11	2.25E	2.60	16	13	high	0.66	1.9	31	5
16.3	7.07	7.07	7.89	12	34	very high	4.30	4.3	61	8
9.7	8.29	8.29	8.43	2	31	high	0.48	0.5	6	21
10.0	3.59	3.59	3.44	–4	6	average	1.60	4.7	45	10
3.9	7.81	7.81	NA	NA	NA	NA	3.20	4.3	41	NA
0.5	–0.04	–0.04	0.87	D-P	12	low	0.60	2.4	NM	4

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes.

The Forbes 500s on Wall Street

			Stock price			Stock performance —latest 12 months—		Stock price ratios price/earnings			
Company/fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
American Savings/Dec	ASB	n	25– 4*	19– 4	4½	–73%	24%	NM– 2*	NM	5.6	0.06
American Stores/Jan	ASC	n	86– 42	73– 51	62	11	99	32– 9	18.0	16.1	0.10
American Tel & Tel/Dec	T	n	47– 20	47– 30	41½	32	117	NM– 12	16.6	14.4	1.24
AmeriFirst Bank/Sept	AMRI	o	20– 2*	13– 2	3⅜	–74	23	NM– 6*	NM	NA	0.09
Ameritech/Dec	AIT	n	68– 27	68– 50	60⅛	17	104	15– 8	13.1	12.5	1.59
Ameritrust/Dec	AMTR	o	29– 15	29– 20	19½	–17	74	NM– 6	6.3	5.8	0.61
Ames Dept Stores/Jan	ADD	n	35– 5	20– 5	4⅞	–68	28	NM– 11	NM	8.6	0.03
Amoco/Dec	AN	n	57– 27	57– 40	52⅛	30	116	26– 7	16.7	13.6	1.11
AMP/Dec	AMP	n	72– 28	52– 40	51⅞	26	112	42– 14	19.7	18.0	1.98
AMR/Dec	AMR	n	107– 27	107– 53	65	16	103	19– 6	9.1	13.0	0.39
AmSouth Bancorp/Dec	ASO	n	39– 18	29– 22	22⅜	–8	82	13– 7	8.6	6.5	0.61
Anadarko Petroleum/Dec	APC	n	39– 18*	39– 25	31⅞	27	114	NM– 21*	34.7	25.5	4.62
Anchor Savings Bank/June	ABKR	o	13– 1*	6– 1	1¾	–63	33	NM– NM*	NM	NA	0.03
Anheuser-Busch Cos/Dec	BUD	n	46– 13	46– 34	37⅞	11	99	21– 10	14.1	12.9	1.13
Aon/Dec	AOC	n	43– 21	43– 29	35¼	21	107	13– 7	10.0	9.1	0.97
Apple Bancorp/Dec	APK	n	39– 11	39– 31	32¼	–2	88	13– 4	7.0	6.0	0.41
Apple Computer/Sept	AAPL	o	60– 7	50– 32	42¼	23	109	35– 10	12.5	11.5	0.98
Archer Daniels/June	ADM	n	24– 7	24– 15	21¾	46	130	17– 9	12.7	12.2	0.80
Argonaut Group/Dec	AGII	o	72– 19*	72– 51	70	33	119	16– 2*	8.5	8.4	1.21
Arkla/Dec	ALG	n	28– 16	28– 20	23¼	12	100	NM– 12	NM	15.7	0.90
Armco/Dec	AS	n	15– 4	14– 9	10⅝	6	95	NM– 4	6.0	10.7	0.39
Armstrong World Inds/Dec	ACK	n	51– 16	51– 32	34⅛	–2	87	16– 7	8.7	10.4	0.56
Arvin Industries/Dec	ARV	n	40– 14	27– 14	16¼	–24	68	NM– 6	25.8	12.5	0.20
Asarco/Dec	AR	n	36– 10	36– 26	29	8	97	NM– 2	5.3	8.1	0.55
Ashland Oil/Sept	ASH	n	43– 14	43– 34	35½	–8	82	NM– 6	NM	11.0	0.26
Atlantic Energy/Dec	ATE	n	47– 24	40– 33	36⅛	9	97	15– 7	9.7	9.6	1.16
Atlantic Richfield/Dec	ARC	n	117– 45	117– 88	114⅛	28	114	NM– 9	10.1	12.2	1.22
Autodesk/Jan	ACAD	o	50– 4	50– 27	48½	76	157	38– 15	25.4	19.7	6.58
Automatic Data/June	AUD	n	55– 21	54– 36	52½	44	128	31– 14	19.6	18.2	2.31
Avery International/Nov	AVY	n	33– 15	33– 23	26½	16	104	32– 11	13.5	12.2	0.68
Avnet/June	AVT	n	40– 19	34– 22	30¾	41	125	61– 13	17.5	16.3	0.61
Avon Products/Dec	AVP	n	41– 18	41– 21	34⅞	64	146	NM– 10	NM	13.5	0.60
Baker Hughes/Sept	BHI	n	29– 11*	29– 16	27¼	65	147	NM– 13*	37.9	26.5	1.41
Bally Manufacturing/Dec	BLY	n	30– 10	30– 10	12¼	–43	50	NM– 15	18.6	9.5	0.17
Baltimore Bancorp/Dec	BBB	n	25– 10	16– 10	12⅛	–7	83	NM– 6	8.9	8.0	0.46
Baltimore G&E/Dec	BGE	n	40– 20	35– 29	29¾	4	93	13– 6	9.8	9.3	1.20
Banc One/Dec	ONE	n	34– 14	34– 22	27½	22	109	16– 8	11.4	8.7	1.25
Banco Popular PR/Dec	BPOP	o	26– 10	26– 19	19⅜	–3	87	10– 6	6.9	6.6	0.61
Bancorp Hawaii/Dec	BNHI	o	63– 19	63– 41	47⅞	15	102	12– 7	8.8	7.9	0.94
Bandag/Dec	BDG	n	89– 24	89– 67	85¾	25	112	20– 10	16.4	15.0	2.36
Bank of Boston/Dec	BKB	n	38– 14	31– 14	14½	–41	52	NM– 4	18.1	4.7	0.15
Bank of New England/Dec	NEB	n	40– 3	24– 3	4¾	–80	18	NM– 5	NM	4.6	0.09
Bank of New York/Dec	BK	n	55– 25	55– 34	35⅛	–20	71	NM– 5	NM	5.4	0.43
Bank South/Dec	BKSO	o	21– 9	14– 10	10¾	–21	70	19– 7	7.6	7.0	0.65
BankAmerica/Dec	BAC	n	36– 5	36– 22	27⅝	23	109	NM– 2	7.3	5.4	0.51
Bankers Trust NY/Dec	BT	n	58– 26	58– 36	38⅞	–3	87	NM– 3	NM	5.0	0.44
BanPonce/Dec	BDEP	o	50– 15	50– 25	47¾	87	167	15– 4	13.4	12.1	0.85

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
0.5%	$–0.49	$–0.49	$0.80	D-P	4	average	$0.80	17.8%	NM	51%
0.5	3.45	3.45	3.85	12%	14	average	1.12	1.8	32%	11
7.5	2.50	2.50	2.89	16	31	high	1.32	3.2	53	2
def	–11.95	–11.19	NA	NA	NA	NA	none	NA	NA	NA
12.1	4.59	4.59	4.83	5	25	very high	3.16	5.3	69	8
9.7	3.11	3.11	3.34	7	10	high	1.28	6.6	41	13
0.0	–0.31	–0.35E	0.57	D-P	14	very low	none	NA	NA	NA
6.7	3.12	3.12	3.83	23	40	average	2.04	3.9	65	4
10.0	2.63	2.63	2.89	10	28	average	1.36	2.6	52	15
4.3	7.16	7.16	5.02	–30	25	low	none	NA	NA	NA
7.1	2.60	2.60	3.46	33	13	high	1.40	6.3	54	8
13.3	0.92	0.92	1.25	36	31	low	0.30	0.9	33	27
def	–3.50	–2.40	NA	NA	NA	NA	none	NA	NA	NA
8.1	2.68	2.68	2.94	10	28	high	0.88	2.3	33	22
10.0	3.54	3.54	3.86	9	24	high	1.52	4.3	43	9
5.9	4.60	4.60	5.38	17	5	average	1.40	4.3	30	NA
8.2	3.39	3.53	3.68	4	46	average	0.44	1.0	13	74
6.2	1.71	1.51	1.78	18	21	high	0.10	0.5	6	7
14.9	8.26	8.26	8.35	1	3	average	1.60	2.3	19	NA
def	–1.07	–1.07	1.48	D-P	18	average	1.08	4.6	NM	0
6.8	1.78	1.78	0.99	–44	15	low	0.40	3.8	22	NA
7.5	3.92	3.92	3.27	–17	15	average	1.06	3.1	27	15
1.2	0.63	0.63	1.30	106	9	low	0.68	4.2	108	4
10.5	5.50	5.50	3.60	–35	19	low	1.60	5.5	29	NA
0.2	0.23	1.55	3.24	109	27	low	1.00	2.8	NM	6
11.5	3.74	3.74	3.78	1	10	high	2.88	8.0	77	3
12.7	11.26	11.26	9.39	–17	47	average	5.00	4.4	44	3
26.0	1.91	1.91	2.46	29	16	high	0.40	0.8	21	NA
11.6	2.68	2.53	2.88	14	28	very high	0.60	1.1	22	16
5.0	1.96	1.96	2.18	11	17	average	0.64	2.4	33	13
3.5	1.76	1.51	1.89	25	13	average	0.60	2.0	34	2
1.7	0.34	0.34	2.58	NM	18	average	1.00	2.9	NM	–19
4.0	0.72	0.64	1.03	61	34	average	0.46	1.7	64	NA
1.2	0.66	0.66	1.29	95	8	very low	0.30	2.4	45	9
5.1	1.36	1.36	1.52	12	7	average	0.60	4.9	44	29
13.8	3.05	3.05	3.19	5	23	average	2.10	7.1	69	5
11.0	2.42	2.42	3.18	31	34	average	1.04	3.8	43	12
8.9	2.82	2.82	2.95	5	1	NM	0.80	4.1	28	11
10.5	5.41	5.41	6.05	12	9	high	1.56	3.3	29	3
14.5	5.22	5.22	5.72	10	12	high	1.00	1.2	19	12
1.0	0.80	0.80	3.09	286	23	low	1.24	8.6	155	11
def	–16.11	–16.11	1.03	D-P	12	very low	none	NA	NA	NA
0.9	0.24	0.24	6.56	NM	20	average	2.12	6.0	NM	15
8.5	1.42	1.42	1.54	8	6	high	0.48	4.5	34	12
7.2	3.79	3.79	5.16	36	29	average	1.00	3.6	26	NA
def	–12.10	–12.10	7.82	D-P	25	average	2.33	6.0	NM	14
6.3	3.56	3.56	3.95	11	2	NM	1.60	3.4	45	14

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes.

The Forbes 500s on Wall Street

			Stock price			Stock performance —latest 12 months—		Stock price ratios			
								price/earnings			
Company fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
Barnett Banks/Dec	BBI	n	42– 22	40– 29	29	–11%	79%	14– 7	7.1	6.5	0.60
Bausch & Lomb/Dec	BOL	n	67– 25	67– 47	58⅛	24	111	20– 11	15.4	13.4	1.42
Baxter International/Dec	BAX	n	29– 12	26– 19	24	23	110	33– 12	16.0	13.8	0.81
Bay View Capital/Dec	BVFS	o	27– 12*	27– 16	17⅜	–11	79	6– 4*	6.5	NA	0.36
BayBanks/Dec	BBNK	o	52– 18	47– 18	17⅞	–57	38	13– 5	4.5	4.5	0.25
BB&T Financial/Dec	BBTF	o	25– 13	25– 17	19¾	18	105	14– 7	8.6	8.1	0.75
Bear Stearns Cos/June	BSC	n	22– 7*	17– 12	12⅝	0	89	17– 5*	9.0	8.8	0.46
Becton Dickinson/Sept	BDX	n	69– 23	63– 49	60	22	108	23– 11	11.1	12.9	1.25
Bell Atlantic/Dec	BEL	n	114– 41	114– 75	91⅝	22	109	21– 8	16.9	12.6	1.58
BellSouth/Dec	BLS	n	59– 23	59– 41	53⅝	29	115	17– 8	15.1	14.1	1.85
Beneficial Corp/Dec	BNL	n	79– 29	57– 45	48⅞	5	94	NM– 5	9.8	8.9	0.69
Bergen Brunswig/Aug	BBCA	a	27– 8	27– 21	24½	14	102	26– 10	14.2	13.7	0.20
Berkshire Hathaway/Dec	BRK	n	8900–1730	8900–4700	7100	45	129	42– 11	18.2	28.4	3.28
Bethlehem Steel/Dec	BS	n	29– 5	25– 15	19¾	–16	75	NM– 4	6.7	8.4	0.28
Beverly Enterprises/Dec	BEV	n	22– 4	10– 4	4¾	–47	47	NM– 12	NM	52.8	0.12
BHC Commun/Dec	BHC	a	54– 40	54– 40*	47⅛	0	0	NA– NA	1.7	NA	5.57
Bindley Western Inds/Dec	BIND	o	17– 6	11– 8	10	33	119	38– 10	20.4	11.6	0.04
Black & Decker/Sept	BDK	n	27– 13	25– 15	17⅞	–9	81	NM– 10	NM	14.0	0.29
H&R Block/Apr	HRB	n	37– 12	37– 26	35⅞	29	115	25– 11	17.7	14.6	1.94
Blockbuster/Dec	BV	n	22– ⅜	22– 12	17	36	121	NM– 7	29.8	NA	3.33
Boatmen's Bancshares/Dec	BOAT	o	48– 27	40– 31	31¾	–3	86	17– 7	8.5	7.5	0.75
Boeing/Dec	BA	n	73– 23	73– 43	73¼	69	150	25– 11	24.9	12.9	0.83
Boise Cascade/Dec	BCC	n	52– 22	48– 35	38¾	–7	82	28– 6	6.3	10.7	0.34
Borden/Dec	BN	n	39– 11	39– 28	32⅞	15	102	NM– 8	NM	12.5	0.64
Boston Edison/Dec	BSE	n	28– 13	22– 16	18⅝	14	101	NM– 7	NM	10.2	0.57
Bowater/Dec	BOW	n	45– 20	34– 23	26½	–4	85	27– 6	6.9	9.5	0.65
Bristol-Myers Squibb/Dec	BMY	n	58– 27	58– 46	52¼	12	100	37– 11	36.5	15.9	2.99
Broad/Sept	BRO	n	19– 6	13– 7	9	24	111	21– 2	10.2	10.2	0.47
Brown-Forman/Apr	BFB	a	92– 22	92– 58	68	11	99	25– 9	24.6	11.3	1.92
Brown Group/Jan	BG	n	44– 22	36– 22	24⅞	–25	66	28– 9	12.8	11.0	0.24
Browning-Ferris Inds/Sept	BFI	n	43– 10	43– 29	34⅞	21	108	31– 14	19.6	17.3	1.96
Bruno's/June	BRNO	o	15– 6	15– 10	13⅞	26	112	30– 16	21.4	19.0	0.50
Brunswick/Dec	BC	n	30– 8	22– 12	14⅛	–23	69	NM– 5	NM	19.2	0.45
Burlington Northern/Dec	BNI	n	37– 21	37– 21	36⅛	63	145	NM– 6	11.3	10.9	0.60
Burlington Resources/Dec	BR	n	54– 23*	54– 40	40⅛	–7	83	54– 13*	13.1	28.5	3.42
Cabot/Sept	CBT	n	49– 21	45– 32	33⅛	–20	71	NM– 9	73.6	10.9	0.44
CalFed/Dec	CAL	n	42– 15	29– 15	18⅜	–19	72	9– 3	5.6	6.5	0.15
CalMat/Dec	CZM	n	46– 10	31– 25	28	–3	87	25– 10	11.1	17.0	1.26
Campbell Soup/July	CPB	n	61– 16	61– 31	50⅞	62	144	NM– 10	NM	19.6	1.10
Capital Cities/ABC/Dec	CCB	n	574–183	574–370	505⅞	37	122	31– 14	18.6	15.9	1.77
Capital Holding/Dec	CPH	n	54– 20	54– 34	45	31	117	14– 7	7.7	9.1	0.83
Carnival Cruise Lines/Nov	CCL	a	26– 8*	26– 15	20⅜	35	120	17– 6*	14.2	11.7	2.39
Carolina Power & Lt/Dec	CPL	n	48– 25	48– 35	43⅜	21	108	11– 6	10.3	10.3	1.52
Carter Hawley Hale/July	CHH	n	16– 5*	15– 5	7½	–9	81	NM– 2*	35.7	14.2	0.08
Castle & Cooke/Dec	CKE	n	45– 10	45– 26	35¾	40	124	NM– 7	22.3	18.4	0.78
Caterpillar/Dec	CAT	n	75– 30	66– 53	61⅝	8	96	72– 9	12.6	13.6	0.56
CBI Industries/Dec	CBH	n	41– 16	41– 26	38⅜	46	130	NM– 22	27.2	20.3	0.49

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
8.4%	$4.07	$4.07	$4.46	10%	31	high	$1.20	4.1%	29%	15%
9.4	3.78	3.78	4.35	15	18	very high	1.32	2.3	35	12
6.0	1.50	1.50	1.74	16	31	high	0.64	2.7	43	11
5.6	2.68	2.68	NA	NA	NA	NA	0.60	3.5	22	0
5.7	3.95	3.95	3.97	1	9	low	1.80	10.1	46	8
8.6	2.29	2.29	2.45	7	9	high	0.80	4.1	35	5
5.8	1.40	1.70	1.44	–15	9	low	0.56	4.4	40	32
11.7	5.42	5.40	4.64	–14	24	high	1.08	1.8	20	14
9.4	5.43	5.43	7.25	34	27	high	4.72	5.2	87	7
12.1	3.55	3.55	3.80	7	27	high	2.68	5.0	75	14
7.7	5.01	5.01	5.49	10	16	very high	2.20	4.5	44	2
1.3	1.72	1.85	1.79	–3	8	average	0.32	1.3	19	12
18.0	390.01	390.01	250.00	–36	2	NM	none	NA	NA	NA
4.7	2.93	2.93	2.34	–20	18	very low	0.40	2.0	14	NA
def	–1.96	–1.96	0.09	D-P	11	very low	none	NA	NA	NA
328.6	27.03	27.03	NA	NA	NA	NA	none	NA	NA	NA
0.2	0.49	0.49	0.86	76	3	average	none	NA	NA	NA
def	–0.19	0.51	1.28	151	19	low	0.40	2.2	NM	–8
11.0	2.03	2.18E	2.46	13	12	high	1.28	3.6	63	19
11.0	0.57	0.57	NA	NA	NA	NA	none	NA	NA	NA
8.8	3.72	3.72	4.24	14	13	average	2.12	6.7	57	7
3.3	2.94	2.94	5.66	93	35	average	1.20	1.6	41	15
6.2	6.19	6.19	3.62	–42	22	low	1.52	3.9	25	3
def	–0.41	–0.41	2.63	D-P	27	high	0.96	2.9	NM	17
def	–0.88	–0.88	1.83	D-P	18	average	1.52	8.2	NM	8
10.0	3.86	3.86	2.78	–28	13	average	1.20	4.5	31	14
8.1	1.43	1.43	3.28	129	34	high	2.12	4.1	148	25
4.6	0.88	0.15	0.88	487	6	low	0.20	2.2	23	3
7.9	2.77	5.29E	6.01	14	4	very high	2.08	3.1	75	31
1.9	1.95	1.95	2.26	16	4	average	1.60	6.4	82	4
10.0	1.78	1.74	2.02	16	30	very high	0.64	1.8	36	20
2.4	0.65	0.59	0.73	24	10	high	0.14	1.0	22	17
def	–0.81	–0.81	0.75	D-P	12	very low	0.44	3.1	NM	23
5.3	3.19	3.19	3.32	4	25	average	1.20	3.3	38	–1
26.7	3.06	3.06	1.41	–54	21	average	0.70	1.7	23	NA
0.7	0.45	0.55	3.05	455	5	average	1.04	3.1	NM	3
2.7	3.28	3.28	2.82	–14	14	low	1.40	7.6	43	37
11.7	2.52	2.52	1.65	–35	1	NM	0.64	2.3	25	17
0.6	0.28	0.10	2.59	NM	22	high	1.00	2.0	NM	9
9.8	27.25	27.25	31.75	17	21	average	0.20	0.0	1	0
11.0	5.85	5.85	4.93	–16	29	high	1.08	2.4	18	7
16.9	1.44	1.44	1.74	21	9	high	0.48	2.4	33	NA
15.2	4.20	4.20	4.21	0	24	high	2.92	6.7	70	8
0.2	0.21	0.34	0.53	56	12	low	none	NA	NA	NA
3.5	1.60	1.60	1.94	21	4	average	none	NA	NA	NA
4.5	4.90	4.90	4.54	–7	26	average	1.20	1.9	24	21
2.3	1.41	1.41	1.89	34	7	average	0.60	1.6	43	–9

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes.

The Forbes 500s on Wall Street

			Stock price			Stock performance —latest 12 months—		Stock price ratios —price/earnings—			
Company/fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
CBS/Dec	CBS	n	226– 98	221–170	175¾	2%	91%	NM– 14	15.2	14.4	1.40
Cellular Commun/Dec	COM[illegible]	o	44– 5	44– 28	31⅝	0	89	NM– NM	NM	NM	14.77
Centel/Dec	CNT	n	45– 12	45– 28	32½	13	100	NM– 6	6.4	42.2	2.31
Centerior Energy/Dec	CX	n	28– 12*	21– 15	19¼	24	111	NM– 5*	10.1	9.5	1.17
Centex/Mar	CTX	n	42– 15	42– 28	37¼	33	118	18– 8	9.6	8.5	0.28
Central & So West/Dec	CSR	n	41– 22	40– 30	37⅝	24	110	12– 6	11.6	10.2	1.39
Central Bancshares/Dec	CBSS	o	23– 9	16– 13	14	1	90	13– 6	7.2	6.7	0.63
Central Fidelity Bks/Dec	CFBS	o	37– 19	35– 27	28½	2	91	13– 8	8.1	7.5	0.82
Champion Intl/Dec	CHA	n	45– 20	38– 27	27½	–9	81	22– 6	6.0	8.1	0.50
Chase Manhattan/Dec	CMB	n	50– 19	45– 27	27⅝	–20	71	NM– 3	NM	4.9	0.22
Chemical Banking/Dec	CHL	n	56– 20	41– 24	25⅛	–23	69	NM– 2	NM	5.2	0.25
Chevron/Dec	CHV	n	74– 32	74– 51	67¼	30	116	NM– 7	NM	14.3	0.81
Chiquita Brands Intl/Dec	CQB	n	20– 4	20– 13	20	36	121	20– 7	11.8	NA	0.20
Chrysler/Dec	C	n	48– 15	27– 16	17⅜	–29	63	11– 2	11.2	11.7	0.11
Chubb/Dec	CB	n	103– 38	103– 64	98⅛	48	131	30– 6	10.0	10.4	1.02
Cigna/Dec	CI	n	77– 41	67– 45	49¾	–5	84	NM– 6	7.1	10.2	0.25
Cincinnati Bell/Dec	CSN	n	35– 5	35– 21	26⅛	22	108	25– 7	17.4	15.4	1.74
Cincinnati Financial/Dec	CINF	o	83– 37	83– 61	74¼	22	109	18– 6	10.6	9.1	1.24
Cincinnati G&E/Dec	CIN	n	32– 15	32– 25	30⅛	21	107	13– 5	6.9	7.4	1.07
Circle K/Apr	CKP	n	19– 2	17– 2	2⅛	–86	12	NM– 8	NM	10.1	0.02
Circuit City Stores/Feb	CC	n	27– 5	27– 19	24⅛	12	100	26– 8	15.3	12.1	0.56
Circus Circus/Jan	CIR	n	57– 11	57– 35	49⅝	41	125	29– 12	19.1	16.2	2.60
Citadel Holding/Dec	CDL	a	61– 23	55– 36	44½	18	105	22– 3	18.0	5.2	0.30
Citicorp/Dec	CCI	n	36– 16	36– 23	24¼	–13	78	NM– 3	20.9	5.4	0.21
Citizens & Southern/Dec	CTZ	n	36– 17	36– 26	27½	4	92	12– 7	7.5	6.7	0.67
Citizens First Bncp/Dec	CFB	a	19– 6	16– 10	10⅛	–19	72	17– 6	5.9	NA	0.55
Citizens Savings/Dec	CSFCB	o	20– 6	17– 11	11¼	–12	79	5– 3	2.7	NA	0.08
Citizens Utilities/Dec	CITUA	o	47– 13	47– 34	38¾	–2	87	26– 14	19.3	18.6	5.06
City National/Dec	CTYN	o	28– 7	28– 19	23¾	20	107	16– 10	12.8	11.1	1.55
Clorox/June	CLX	n	45– 17	45– 31	38½	22	108	17– 10	16.4	13.4	1.54
CMS Energy/Dec	CMS	n	40– 6	40– 24	32⅞	36	121	NM– 4	8.7	9.1	0.91
Coast Savings Finl/Dec	CSA	n	22– 9*	20– 9	8⅝	–50	44	NM– 3*	NM	3.4	0.11
Coastal Corp/Dec	CGP	n	33– 11	33– 22	30¾	36	121	32– 5	17.0	13.8	0.38
Coca-Cola/Dec	KO	n	81– 22	81– 50	74⅛	48	131	25– 12	15.1	18.8	2.79
Coca-Cola Enterprises/Dec	CCE	n	21– 11*	19– 14	15¾	–2	88	48– 13*	38.4	26.7	0.50
Colgate-Palmolive/Dec	CL	n	65– 23	65– 46	58⅞	27	113	67– 13	14.8	13.3	0.77
Colorado Natl Bkshs/Dec	COLC	o	23– 9	23– 13	15⅜	1	90	NM– 12	36.6	13.0	0.48
Columbia Gas System/Dec	CG	n	57– 27	53– 34	46	35	120	NM– 11	14.3	15.8	0.66
Columbia S&L Assn/Dec	CSV	n	18– 1	12– 1	1⅜	–83	15	NM– 1	NM	NA	0.02
Comcast/Dec	CMCSA	o	20– 5	20– 13	14¼	13	100	NM– 23	NM	NM	3.05
Comdisco/Sept	CDO	n	37– 9	34– 21	26¾	22	109	19– 6	10.2	9.2	0.62
Comerica/Dec	CMCA	o	59– 24	59– 42	46½	–1	88	14– 6	10.0	6.2	0.61
Commerce Bcshs/Dec	CBSH	o	30– 12	30– 21	24	13	101	12– 7	7.7	7.4	0.81
Commercial Federal/June	CFCN	o	19– 2	7– 2	2⅞	–58	37	NM– 2	NM	6.9	0.03
Commonwealth Ed/Dec	CWE	n	41– 23	41– 32	35⅛	5	93	14– 5	12.4	10.3	1.29
Community Psych/Nov	CMY	n	34– 13	34– 20	21⅝	–8	82	27– 13	13.9	12.0	3.18
Compaq Computer/Dec	CPQ	n	113– 7	113– 68	98½	45	129	24– 8	12.7	10.9	1.35

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
10.0%	$11.54	$11.54	$12.19	6%	23	average	$4.40	2.5%	38%	10%
def	–0.45	–0.45	0.11	D-P	6	very low	none	NA	NA	NA
37.4	5.09	5.09	0.77	–85	16	low	0.85	2.6	17	12
11.6	1.90	1.90	2.02	6	23	average	1.60	8.3	84	–13
2.9	3.88	3.94E	4.39	11	8	high	0.40	1.1	10	10
12.0	3.25	3.25	3.68	13	27	average	2.76	7.3	85	7
8.8	1.95	1.95	2.10	8	7	average	0.80	5.7	41	10
10.1	3.53	3.53	3.79	7	8	very high	1.24	4.4	35	10
8.4	4.56	4.56	3.41	–25	22	low	1.10	4.0	24	27
def	–7.94	–7.94	5.69	D-P	28	average	2.48	9.0	NM	5
def	–8.29	–8.29	4.88	D-P	25	low	2.72	10.8	NM	2
0.9	0.73	0.73	4.71	NM	40	average	2.80	4.2	NM	4
1.8	1.70	1.70	NA	NA	NA	NA	0.20	1.0	12	99
1.0	1.55	1.55	1.49	–4	25	very low	1.20	6.9	77	23
10.5	9.83	9.83	9.48	–4	31	average	2.64	2.7	27	13
3.6	7.00	7.00	4.89	–30	29	average	3.04	6.1	43	4
10.5	1.50	1.50	1.70	13	11	average	0.76	2.9	51	20
11.7	7.00	7.00	8.18	17	10	average	2.44	3.3	35	17
16.7	4.34	4.34	4.10	–6	16	high	2.40	8.0	55	6
def	–0.33	–0.18E	0.21	D-P	3	very low	none	NA	NA	NA
3.7	1.58	1.68E	2.00	19	15	average	0.08	0.3	5	33
14.4	2.60	2.60	3.06	18	15	average	none	NA	NA	NA
1.7	2.47	2.47	8.64	250	2	NM	none	NA	NA	NA
1.3	1.16	1.16	4.48	286	31	average	1.62	6.7	140	14
9.7	3.67	3.67	4.11	12	24	very high	1.40	5.1	38	12
9.4	1.73	1.73	NA	NA	NA	NA	0.72	7.1	42	36
3.0	4.22	4.22	NA	NA	NA	NA	none	NA	NA	NA
26.2	2.01	2.01	2.08	3	5	high	none	NA	NA	NA
12.4	1.86	1.86	2.15	16	6	average	0.64	2.7	34	26
9.4	2.35	2.24	2.88	29	14	high	1.24	3.2	53	18
10.5	3.80	3.80	3.62	–5	23	average	0.40	1.2	11	NA
def	–4.87	–4.87	2.57	D-P	8	average	0.40	4.6	NM	NA
2.1	1.81	1.81	2.23	23	25	average	0.40	1.3	22	17
19.2	4.92	4.92	3.94	–20	26	very high	1.60	2.2	33	8
1.8	0.41	0.41	0.59	44	16	low	0.05	0.3	12	NA
5.6	3.97	3.97	4.44	12	17	high	1.80	3.1	45	6
1.3	0.42	0.42	1.18	181	12	low	0.16	1.0	38	NA
4.5	3.21	3.21	2.91	–9	21	average	2.20	4.8	69	–13
def	–30.11	–30.11	NA	NA	NA	NA	0.28	20.3	NM	NA
def	–1.39	–1.39	–1.22	D-D	6	very low	0.12	0.8	NM	27
6.3	2.62	2.57	2.92	14	8	high	0.28	1.0	11	21
6.2	4.65	4.65	7.54	62	13	very high	2.60	5.6	56	14
10.4	3.12	3.12	3.26	4	8	high	0.64	2.7	21	5
def	–6.36	0.04	0.42	NM	2	NM	none	NA	NA	NA
12.1	2.83	2.83	3.40	20	27	average	3.00	8.5	106	0
22.6	1.56	1.56	1.80	15	24	high	0.36	1.7	23	21
11.6	7.77	7.77	9.04	16	47	average	none	NA	NA	NA

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes.

The Forbes 500s on Wall Street

Company/fiscal year-end	Ticker symbol	exch	Stock price: 5-year high-low	Stock price: 12-month high-low	Stock price: recent	Stock performance—latest 12 months—: price change	Stock performance—latest 12 months—: relative to market	Stock price ratios: price/earnings: 5-year high-low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1990 est	Stock price ratios: price/sales
Computer Associates/Mar	CA	n	22-- 2	22– 11	14⅜	–18%	73%	NA– 10	17.3	11.6	2.15
Computer Sciences/Mar	CSC	n	73– 13	59– 44	46⅝	–4	86	NA– 6	12.9	11.2	0.51
ConAgra/May	CAG	n	30– 10	30– 21	27⅝	33	119	21– 11	15.3	12.9	0.23
Conseco/Dec	CNC	n	28– 7*	28– 12	26	112	189	NA– 2*	3.7	6.3	0.25
Consolidated Edison/Dec	ED	n	30– 15	30– 23	26¼	17	104	12– 7	10.5	10.5	1.08
Consol Freightways/Dec	CNF	n	41– 17	34– 17	17½	–40	53	NM– 9	NM	17.3	0.16
Consol Natural Gas/Dec	CNG	n	52– 19	52– 38	44¼	16	103	27– 7	20.1	17.0	1.30
Consolidated Papers/Dec	CPER	o	46– 18	46– 35	41½	15	103	18– 8	10.8	11.0	1.90
Consolidated Rail/Dec	CRR	n	50– 20*	50– 32	44¾	34	119	23– 5*	20.6	9.6	0.59
Contel/Dec	CTC	n	37– 11	37– 25	27⅛	10	98	74– 8	15.1	19.2	1.38
Continental Bank/Dec	CBK	n	41– 9*	27– 15	16⅞	–16	75	NM– 3*	8.2	5.3	0.26
Continental Corp/Dec	CIC	n	55– 26	39– 26	29¾	–6	83	NM– 6	10.9	19.6	0.26
Control Data/Dec	CDA	n	38– 15	24– 16	18½	–9	81	NM– 23	NM	14.8	0.27
Cooper Industries/Dec	CBE	n	43– 14	43– 27	40⅞	48	132	22– 11	16.3	14.7	0.87
Adolph Coors/Dec	ACCOB	o	32– 15	24– 17	17½	–5	84	49– 10	48.6	17.3	0.37
CoreStates Financial/Dec	CSFN	o	50– 25	50– 37	37⅞	–10	80	13– 5	7.5	7.3	0.79
Corning/Dec	GLW	n	47– 17	47– 32	45⅝	35	120	28– 8	16.4	15.4	1.76
Costco Wholesale/Aug	COST	o	37– 6	37– 19	36	89	169	NM– 20	34.3	25.9	0.38
CPC International/Dec	CPC	n	74– 19	74– 50	66	28	114	23– 9	15.6	13.7	0.97
Crane/Dec	CR	n	26– 7	26– 16	25¼	52	135	19– 7	14.7	12.9	0.55
Cray Research†/Dec	CYR	n	136– 25	61– 32	46⅜	–10	80	29– 9	15.4	11.0	1.62
Crestar Financial/Dec	CRFC	o	36– 20	34– 24	27⅜	12	99	15– 8	8.4	7.9	0.72
CrossLand Savings FSB/Dec	CRL	n	25– 2*	16– 2	2⅛	–85	14	NM– 1*	NM	NM	0.02
Crown Cork & Seal/Dec	CCK	n	57– 17	57– 44	50⅞	5	94	17– 9	14.2	12.4	0.77
CSX/Dec	CSX	n	42– 22	39– 30	34⅜	11	99	NM– 8	8.0	9.2	0.44
Cullen/Frost Bankers/Dec	CFBI	o	23– 6	18– 7	9⅛	–38	55	NM– 10	29.5	24.0	0.23
Cummins Engine/Dec	CUM	n	95– 41	72– 45	46½	–24	68	NM– 4	NM	NM	0.14
Cyprus Minerals/Dec	CYM	n	33– 7*	33– 22	26	1	90	31– 3*	4.3	7.4	0.56
Dana/Dec	DCN	n	54– 22	43– 31	34⅝	–8	82	24– 7	10.7	11.3	0.27
Dauphin Deposit/Dec	DAPN	o	38– 17	38– 28	31¾	4	93	15– 8	9.3	8.7	1.25
Dayton Hudson/Jan	DH	n	70– 22	70– 43	67⅝	55	138	29– 10	12.6	11.6	0.35
DCNY Corp/Dec	DCY	n	30– 10	20– 10	11⅜	–36	57	NM– 3	NM	7.6	0.33
Dean Foods/May	DF	n	39– 19	38– 29	31⅛	1	90	25– 12	13.4	11.9	0.46
Deere & Co/Oct	DE	n	74– 22	74– 50	71⅜	43	128	NM– 10	13.1	11.4	0.72
Delmarva Power & Lt/Dec	DEW	n	25– 15	21– 17	19⅜	12	100	13– 8	10.8	10.5	1.16
Delta Air Lines/June	DAL	n	86– 32	86– 57	72⅞	28	114	41– 6	7.9	11.7	0.43
Deluxe/Dec	DLX	n	42– 16	36– 26	30	12	99	29– 11	16.8	14.8	1.95
Deposit Guaranty/Dec	DEPS	o	42– 21	34– 24	27	–15	76	12– 6	6.8	6.8	0.55
Detroit Edison/Dec	DTE	n	26– 12	26– 18	24¾	39	124	NM– 4	9.3	9.3	1.13
Diamond Shamrock/Dec	DRM	n	29– 7*	29– 19	24⅛	23	109	45– 5*	11.0	10.6	0.28
Digital Equipment/June	DEC	n	200– 43	103– 70	78	–20	71	23– 9	11.2	15.9	0.73
Dillard Dept Stores/Jan	DDS	n	75– 24	75– 49	70⅜	42	127	24– 9	16.1	14.1	0.83
Dime Savings Bank FSB/Dec	DME	n	27– 7*	18– 7	7¾	–43	51	NM– 3*	NM	5.7	0.15
Walt Disney/Sept	DIS	n	136– 19	136– 76	114¼	51	134	30– 13	21.6	18.6	3.20
Dominion Bankshares/Dec	DMBK	o	26– 14	26– 18	19⅛	6	94	14– 7	7.8	7.1	0.68
Dominion Resources/Dec	D	n	52– 28	49– 40	44¼	9	97	13– 7	10.7	10.1	1.20
RR Donnelley & Sons/Dec	DNY	n	53– 26	53– 36	44⅞	21	108	21– 11	15.8	14.3	1.12

*Range is for less than period indicated. †Prices as originally reported adjusted for splits; stock performance includes value of special distributions.
NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
11.7%	$0.83	$0.90E	$1.24	38%	19	average	none	NA	NA	NA
4.0	3.63	3.73E	4.17	12	15	average	none	NA	NA	NA
1.5	1.81	1.86E	2.14	15	17	high	$0.60	2.2%	33%	16%
7.2	7.00	7.00	4.16	–41	4	average	0.20	0.8	3	NA
10.9	2.49	2.49	2.49	0	24	high	1.82	6.9	73	9
0.2	0.02	0.02	1.01	NM	20	very low	1.06	6.1	NM	10
6.5	2.20	2.20	2.61	19	22	average	1.84	4.2	84	13
17.6	3.85	3.85	3.78	–2	16	average	1.20	2.9	31	11
4.3	2.17	2.17	4.64	114	19	average	1.40	3.1	65	NA
9.2	1.80	1.80	1.41	–22	16	low	1.10	4.1	61	5
4.6	2.06	2.06	3.17	54	16	low	1.00	5.9	49	82
2.5	2.74	2.74	1.52	–45	25	very low	2.60	8.7	95	0
def	–16.11	–16.11	1.25	D-P	15	low	none	NA	NA	NA
5.2	2.51	2.51	2.79	11	21	high	1.08	2.6	43	7
0.7	0.36	0.36	1.01	181	9	low	0.50	2.9	139	2
10.5	5.03	5.03	5.22	4	27	high	1.92	5.1	38	11
10.6	2.79	2.79	2.96	6	15	high	1.13	2.5	41	13
0.9	1.05	0.97	1.39	43	14	average	none	NA	NA	NA
6.4	4.22	4.22	4.81	14	27	very high	2.00	3.0	47	16
3.8	1.72	1.72	1.96	14	9	high	0.75	3.0	44	6
11.3	3.02	3.02	4.20	39	29	average	none	NA	NA	NA
8.8	3.28	3.28	3.49	6	17	high	1.32	4.8	40	17
def	–16.85	–16.85	–1.00	D-D	3	NA	none	NA	NA	NA
4.9	3.58	3.58	4.12	15	9	average	none	NA	NA	NA
5.8	4.34	4.34	3.77	–13	25	average	1.40	4.0	32	1
0.8	0.31	0.31	0.38	23	6	low	none	NA	NA	NA
def	–1.52	–1.52	0.22	D-P	17	very low	2.20	4.7	NM	0
14.0	6.06	6.06	3.53	–42	15	low	0.80	3.1	13	NA
2.6	3.24	3.24	3.06	–6	16	average	1.60	4.6	49	7
13.5	3.42	3.42	3.67	7	3	high	1.42	4.5	42	12
3.0	5.37	5.37	5.81	8	32	high	1.32	2.0	25	10
def	–0.23	–0.23	1.50	D-P	2	NM	0.40	3.5	NM	–12
3.4	2.33	2.21E	2.61	18	11	very high	0.66	2.1	28	19
5.5	5.45	5.06	6.27	24	27	average	2.00	2.8	37	16
11.6	1.80	1.80	1.85	3	16	high	1.54	7.9	86	10
5.5	9.23	9.37	6.25	–33	22	low	1.20	1.6	13	14
11.6	1.79	1.79	2.03	13	15	high	1.04	3.5	58	19
8.2	3.98	3.98	3.96	–1	7	average	1.56	5.8	39	9
13.3	2.65	2.65	2.66	0	21	average	1.78	7.2	67	0
2.9	2.20	2.20	2.28	4	9	low	0.48	2.0	22	45
6.8	6.99	8.45	4.92	–42	39	low	none	NA	NA	NA
4.9	4.36	4.36	5.01	15	20	average	0.20	0.3	5	12
def	–3.94	–3.94	1.36	D-P	7	low	0.60	7.7	NM	NA
15.1	5.28	5.10	6.16	21	24	high	0.58	0.5	11	14
8.9	2.45	2.45	2.70	10	17	very high	0.88	4.6	36	7
11.1	4.14	4.14	4.40	6	27	high	3.32	7.5	80	4
7.1	2.85	2.85	3.13	10	19	very high	0.96	2.1	34	11

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; FORBES.

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			Stock price			Stock performance —latest 12 months—		Stock price ratios —price/earnings—			
Company/fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
Dover/Dec	DOV	n	40– 16	40– 27	38⅝	37%	122%	25– 11	16.9	15.0	1.13
Dow Chemical/Dec	DOW	n	76– 19	76– 56	67⅜	13	100	NM– 6	7.3	9.0	1.03
Dow Jones/Dec	DJ	n	56– 25	43– 27	28⅛	–7	82	34– 9	8.9	17.5	1.68
Downey S&L Assn/Dec	DSL	n	24– 3	24– 11	14⅝	27	113	NM– 1	NM	5.0	0.62
DPL/Dec	DPL	n	31– 15	31– 24	29	18	105	21– 7	8.9	8.7	1.38
DQE/Dec	DQE	n	24– 11	24– 17	20⅝	18	105	12– 6	10.2	9.4	1.02
Dresser Industries/Oct	DI	n	50– 14	50– 35	49¼	38	123	NM– 14	20.7	16.2	0.84
Dreyfus/Dec	DRY	n	46– 15	39– 27	36½	32	118	23– 7	10.1	14.9	5.44
EI du Pont de Nemours/Dec	DD	n	44– 17	42– 33	38	14	101	19– 9	10.8	10.4	0.74
Duke Power/Dec	DUK	n	57– 30	57– 43	54¾	25	111	13– 8	10.7	11.0	1.52
Dun & Bradstreet/Dec	DNB	n	72– 35	60– 41	45¾	–11	80	31– 13	14.6	16.4	1.95
E-Systems/Dec	ESY	n	41– 23	38– 27	29¾	8	96	26– 10	11.2	9.8	0.57
Eastman Kodak/Dec	EK	n	71– 27	52– 37	38⅜	–14	76	42– 10	23.6	9.7	0.68
Eaton/Dec	ETN	n	72– 33	68– 50	55½	–2	88	23– 7	9.3	10.4	0.56
EG&G/Dec	EGG	n	45– 27	40– 30	39⅜	30	116	24– 12	16.4	13.8	0.69
Emerson Electric/Sept	EMR	n	42– 22	42– 30	38⅞	30	115	21– 12	14.6	13.6	1.24
Engelhard/Dec	EC	n	29– 14	26– 18	18⅜	–11	79	NM– 10	NM	12.3	0.34
Enron/Dec	ENE	n	61– 31	61– 37	52⅝	41	125	NM– 12	13.1	22.5	0.27
Enserch/Dec	ENS	n	30– 13	28– 19	24⅞	32	117	NM– 17	25.1	20.2	0.58
Enstar Group/Dec	ENST	o	19– 2	9– 2	2¼	–71	25	NM– 13	NM	4.3	0.19
Entergy/Dec	ETR	n	24– 8	24– 16	20	21	108	NM– 3	NM	8.8	1.10
Equimark/Dec	EQK	n	29– 9	17– 10	10¼	–28	64	NM– 5	5.7	5.0	0.27
Equitable of Iowa/Dec	EQICB	o	36– 14	36– 25	29⅛	15	103	16– 5	10.2	6.6	0.35
Ethyl†/Dec	EY	n	31– 9	29– 22	25⅛	17	104	20– 9	13.7	12.1	1.23
Exxon/Dec	XON	n	52– 24	52– 41	46⅛	4	92	20– 7	19.9	11.9	0.67
Farm & Home Finl/Dec	FAHS	o	28– 11	16– 12	12	–22	69	NM– 4	NM	6.8	0.17
FarWest Financial/Dec	FWF	n	20– 2	14– 2	2¼	–74	23	NM– 3	NM	NA	0.03
Federal Express/May	FDX	n	76– 34	58– 42	55¼	22	109	28– 11	25.7	14.9	0.43
Federal Natl Mortgage/Dec	FNM	n	46– 5	46– 21	34	61	143	62– 7	10.8	8.1	0.70
Federal Paper Board/Dec	FBO	n	30– 8	30– 21	23¾	–10	81	65– 4	4.8	6.1	0.73
Fifth Third Bancorp/Dec	FITB	o	40– 13	40– 31	34½	3	92	15– 8	12.4	10.7	1.76
Fin Cp Santa Barbara/Dec	FSB	n	18–1/128	3–1/128	⅛	–94	6	NM– 3	NM	NA	NM
First Alabama Bcshs/Dec	FABC	o	27– 13	19– 16	15⅞	1	90	16– 8	8.4	7.7	0.92
First American Corp/Dec	FATN	o	35– 18	26– 18	18	–16	75	NM– 8	NM	7.3	0.55
First Bncp Ohio/Dec	FBOH	o	39– 17	35– 25	26⅜	–6	84	14– 7	8.3	7.7	0.97
First Bank System/Dec	FBS	n	37– 12	27– 12	13½	–32	61	NM– 6	NM	7.3	0.34
First Capital Holding/Dec	FCH	n	27– 2	15– 4	5⅜	–44	50	49– 2	3.1	3.1	0.26
First Chicago/Dec	FNB	n	50– 17	50– 31	31⅝	–14	76	NM– 3	6.2	4.7	0.37
First Citizens Bcshs/Dec	FCNCB	o	40– 24	31– 25	27	–8	81	17– 9	9.4	NA	0.67
First City Bncp Texas/Dec	FBT	n	40– 21*	40– 29	34	15	103	10– 7*	7.3	6.9	0.42
First Commerce/Dec	FCOM	o	29– 14	24– 18	22¼	24	111	NM– 8	9.9	8.7	0.56
First Empire State/Dec	FES	a	73– 24	73– 56	65½	16	103	13– 7	9.3	8.3	0.71
First Executive/Dec	FEXC	o	20– 2	17– 2	2⅞	–80	18	30– 3	9.6	1.7	0.11
First Fidelity Bncp/Dec	FFB	n	47– 19	34– 19	20¾	–25	67	NM– 7	8.3	6.6	0.41
First Financial Mgmt/Dec	FFM	n	39– 7	39– 23	24½	6	94	31– 10	10.7	8.8	0.72
First Florida Banks/Dec	FFBK	o	37– 21	34– 21	22½	–19	72	13– 7	9.1	6.4	0.65
First Hawaiian/Dec	FHWN	o	27– 7	27– 17	22¼	26	112	13– 7	10.4	9.4	1.25

*Range is for less than period indicated †Prices as originally reported adjusted for splits; stock performance includes value of special distributions. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
6.8%	$2.28	$2.28	$2.58	13%	11	average	$0.72	1.9%	32%	15%
14.1	9.20	9.20	7.49	–19	33	average	2.60	3.9	28	19
18.8	3.15	3.15	1.61	–49	21	average	0.76	2.7	24	12
0.7	0.17	0.17	2.93	NM	3	low	0.28	1.9	165	17
14.3	3.27	3.27	3.32	2	19	high	2.34	8.1	72	3
10.1	2.03	2.03	2.19	8	14	high	1.36	6.6	67	–9
4.0	2.38	2.42	3.05	26	31	average	1.10	2.2	46	7
54.3	3.63	3.63	2.45	–33	11	average	0.52	1.4	14	25
7.1	3.53	3.53	3.66	4	30	average	1.60	4.2	45	10
15.7	5.13	5.13	4.98	–3	24	average	3.12	5.7	61	5
13.6	3.14	3.14	2.79	–11	27	very high	2.00	4.4	64	18
5.1	2.65	2.65	3.03	14	24	high	0.75	2.5	28	1
2.9	1.63	1.63	3.97	144	27	average	2.00	5.2	123	6
6.1	6.00	6.00	5.32	–11	20	average	2.00	3.6	33	23
4.2	2.40	2.40	2.85	19	10	average	0.76	1.9	32	5
8.5	2.66	2.63	2.85	8	22	very high	1.26	3.2	47	9
def	–1.72	–1.72	1.49	D-P	11	average	0.68	3.7	NM	5
2.3	4.03	4.03	2.34	–42	23	low	2.48	4.7	62	0
2.7	0.99	0.99	1.23	24	22	low	0.80	3.2	81	–16
def	–2.74	–2.74	0.52	D-P	3	low	none	NA	NA	NA
def	–2.31	–2.31	2.27	D-P	22	average	1.00	5.0	NM	NA
5.0	1.81	1.81	2.07	14	4	low	0.16	1.6	9	NA
3.5	2.86	2.86	4.42	55	6	average	1.08	3.7	38	6
9.0	1.83	1.83	2.07	13	25	high	0.60	2.4	33	21
3.4	2.32	2.32	3.89	68	44	average	2.40	5.2	103	8
def	–6.78	–6.78	1.77	D-P	3	low	0.30	2.5	NM	33
def	–1.43	0.00	NA	NA	NA	NA	none	NA	NA	NA
1.7	2.15	2.52E	3.71	47	7	low	none	NA	NA	NA
7.0	3.14	3.14	4.18	33	23	average	0.56	1.6	18	80
15.7	5.00	5.00	3.91	–22	13	low	1.00	4.2	20	29
14.1	2.79	2.79	3.24	16	7	high	0.96	2.8	34	20
def	–4.96	0.00	NA	NA	NA	NA	none	NA	NA	NA
11.0	1.90	1.90	2.06	8	8	very high	0.92	5.8	48	11
0.6	0.18	0.18	2.48	NM	12	average	1.25	6.9	NM	10
11.7	3.19	3.19	3.41	7	5	high	1.50	5.7	47	13
0.1	–0.27	–0.27	1.85	D-P	22	low	0.82	6.1	NM	19
7.1	1.76	1.76	1.75	–1	4	low	none	NA	NA	NA
6.5	5.10	5.10	6.77	33	26	average	2.00	6.3	39	8
7.2	2.87	2.87	NA	NA	NA	NA	0.40	1.5	14	58
7.7	4.66	4.66	4.91	5	14	high	1.74	5.1	37	NA
6.2	2.26	2.26	2.56	13	9	high	1.20	5.4	53	0
8.1	7.04	7.04	7.91	12	7	high	1.20	1.8	17	15
2.3	0.30	1.81E	1.67	–8	8	low	none	NA	NA	NA
5.3	2.51	2.51	3.15	25	18	low	2.00	9.6	80	11
6.4	2.29	2.29	2.78	21	13	high	0.10	0.4	4	NA
7.2	2.48	2.48	3.52	42	6	very high	0.96	4.3	39	23
12.1	2.14	2.14	2.37	11	6	high	0.80	3.6	37	26

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes.

The Forbes 500s on Wall Street

			Stock price			Stock performance—latest 12 months		Stock price ratios—price/earnings			
Company/fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
First Interstate Bncp/Dec	I	n	70– 33	70– 33	34¼	–27%	65%	NM– 7	NM	5.7	0.30
First of America Bank/Dec	FABK	o	56– 30	56– 38	43½	13	101	10– 6	7.4	6.5	0.59
First Security/Dec	FSCO	o	36– 19	34– 25	32¼	26	113	68– 8	9.3	8.7	0.72
First Tennessee Natl/Dec	FTEN	o	37– 20	30– 22	22¼	–14	77	16– 7	12.2	6.7	0.50
First Union/Dec	FTU	n	30– 16	27– 17	17⅝	–18	73	13– 6	7.4	6.3	0.57
First Virginia Banks/Dec	FVB	n	38– 21	36– 26	27	2	91	14– 8	8.4	8.2	1.06
First Wachovia/Dec	FW	n	45– 25	45– 34	38⅛	13	101	14– 8	9.9	9.1	1.09
Firstar/Dec	FSR	n	35– 13	35– 26	29⅝	6	94	NM– 5	7.9	7.3	0.72
FirstFed Michigan/Dec	FFOM	o	30– 9	22– 13	13⅛	–11	79	23– 2	13.8	8.3	0.13
FirsTier Financial/Dec	FRST	o	52– 22	52– 38	41¼	6	94	15– 6	10.2	9.1	0.84
Fleet/Norstar Finl/Dec	FNG	n	31– 16	31– 21	21¼	–19	72	15– 6	6.4	6.0	0.63
Fleetwood Enterprises/Apr	FLE	n	34– 14	30– 22	23⅝	–19	73	19– 7	9.7	9.1	0.34
Fleming Cos/Dec	FLM	n	46– 22	40– 28	32⅛	–1	88	21– 11	12.7	10.8	0.08
FlightSafety Intl/Dec	FSI	n	51– 13	51– 30	49⅞	61	143	26– 13	25.8	21.6	8.15
Florida Federal/June	FLFE	o	23– ¼	2– ¼	¼	–84	14	NM– NM	NM	NA	NM
Florida Progress/Dec	FPC	n	47– 24	41– 33	37⅝	12	100	13– 7	10.3	10.1	0.90
Fluor/Oct	FLR	n	44– 11	44– 22	43	89	168	NM– 21	30.1	23.6	0.51
FMC/Dec	FMC	n	60– 12	49– 33	36¼	7	95	17– 5	8.3	7.4	0.37
Food Lion/Dec	FDLNA	o	15– 3	14– 10	11	–3	86	58– 21	25.6	20.8	0.75
Ford Motor/Dec	F	n	57– 13	55– 41	48¼	–1	89	6– 3	5.9	7.0	0.23
Fortune Financial/Sept	FORF	o	35– 11	24– 11	12¼	–40	54	NM– 4	NM	18.9	0.17
Fourth Financial/Dec	FRTH	o	28– 13	28– 18	27	39	124	14– 8	13.6	12.9	1.58
FPL Group/Dec	FPL	n	38– 21	37– 29	32¼	11	99	14– 7	10.3	9.8	0.70
Franklin Resources/Sept	BEN	n	33– 4	33– 19	32¼	64	146	34– 5	15.4	13.8	4.81
Freeport-McMoRan/Dec	FTX	n	38– 14	38– 29	34	4	92	55– 5	15.7	16.0	0.92
Fruit of the Loom/Dec	FTL	a	16– 4*	16– 8	12⅞	63	146	19– 5*	11.0	9.1	0.60
Fund American Cos/Dec	FFC	n	45– 24*	41– 30	31½	–4	85	47– 7*	31.8	28.6	0.32
Gannett/Dec	GCI	n	56– 26	50– 36	40	9	97	30– 13	16.2	14.5	1.83
Gap/Jan	GPS	n	78– 6	67– 38	65	71	152	40– 7	23.5	18.5	1.45
GATX/Dec	GMT	n	76– 28	76– 54	66	23	109	NM– 9	10.4	9.2	0.90
Geico/Dec	GEC	n	156– 65	156–124	144⅛	16	103	21– 10	10.5	13.9	1.13
GenCorp/Nov	GY	n	40– 10	19– 10	12¾	–29	63	NM– 2	1.9	9.9	0.21
Genentech/Dec	GNE	n	65– 10	31– 17	25⅜	33	118	NM– 22	49.8	39.7	5.58
General Cinema/Oct	GCN	n	32– 14	29- 23	23⅛	–9	81	27– 2	1.8	19.4	0.81
General Dynamics/Dec	GD	n	89– 36	61– 36	37⅝	–30	63	NM– 4	5.4	5.6	0.16
General Electric/Dec	GE	n	67– 28	67– 44	63¾	45	129	27– 11	14.6	13.0	1.05
General Instrument/Feb	GRL	n	48– 13	42– 27	34¼	24	110	NM– 8	11.1	10.5	0.70
General Mills/May	GIS	n	77– 23	77– 57	70⅝	22	109	NM– 13	17.0	13.8	0.93
General Motors/Dec	GM	n	51– 25	51– 39	46⅜	12	99	13– 5	7.3	9.1	0.22
General Public Utils/Dec	GPU	n	47– 12	47– 36	44⅛	18	105	9– 5	8.8	8.6	0.84
General Re/Dec	GRN	n	96– 36	96– 62	82¼	28	114	31– 9	12.6	12.4	2.67
General Signal/Dec	GSX	n	61– 33	58– 46	53⅞	9	97	62– 13	13.1	11.5	0.54
Genuine Parts/Dec	GPC	n	44– 20	44– 36	38	5	94	25– 13	14.7	13.4	0.93
Georgia Gulf/Dec	GGC	n	60– 10*	60– 36	43½	6	94	16– 4*	5.7	7.5	0.96
Georgia-Pacific/Dec	GP	n	62– 21	62– 41	44⅜	5	93	15– 5	6.0	7.3	0.38
Gerber Products/Mar	GEB	n	52– 11	52– 33	41⅝	26	112	30– 9	17.1	13.3	1.38
Giant Food/Feb	GFSA	a	36– 8	36– 23	26	12	100	25– 11	14.4	12.8	0.48

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
def	$–3.89	$–3.89	$6.03	D-P	22	low	$3.00	8.8%	NM	5%
9.4%	5.88	5.88	6.71	14%	11	average	2.20	5.1	37%	13
7.1	3.48	3.48	3.70	6	6	average	1.28	4.0	37	5
4.1	1.82	1.82	3.30	81	11	average	1.60	7.2	88	8
7.7	2.40	2.40	2.78	16	34	average	1.08	6.1	45	15
12.6	3.20	3.20	3.29	3	11	low	1.24	4.6	39	10
11.1	3.87	3.87	4.18	8	32	very high	1.52	4.0	39	13
9.4	3.73	3.73	4.04	8	9	high	1.12	3.8	30	10
0.9	0.95	0.95	1.58	66	5	low	0.60	4.6	63	53
8.3	4.05	4.05	4.55	12	3	average	1.20	2.9	30	2
10.2	3.34	3.34	3.52	5	28	high	1.40	6.6	42	22
3.6	2.43	2.34E	2.59	11	3	high	0.76	3.2	31	12
0.7	2.54	2.54	2.98	17	13	high	1.00	3.1	39	1
31.4	1.93	1.93	2.31	20	9	high	0.20	0.4	10	17
def	–7.66	–8.13	NA	NA	NA	NA	none	NA	NA	NA
8.8	3.67	3.67	3.74	2	22	very high	2.64	7.0	72	4
1.7	1.43	1.35	1.82	35	20	average	0.24	0.6	17	–19
4.6	4.35	4.35	4.93	13	11	average	none	NA	NA	NA
3.0	0.43	0.43	0.53	23	13	high	0.13	1.2	30	92
4.0	8.22	8.22	6.85	–17	27	low	3.00	6.2	36	40
def	–2.05	–1.48	0.65	D-P	1	NM	0.30	2.4	NM	52
11.3	1.99	1.99	2.09	5	7	average	0.88	3.3	44	6
6.6	3.12	3.12	3.30	6	26	average	2.28	7.1	73	4
31.3	2.10	2.00	2.34	17	7	high	0.40	1.2	19	80
7.7	2.17	2.17	2.12	–2	13	low	2.50	7.4	115	38
5.5	1.17	1.17	1.42	21	4	low	none	NA	NA	NA
2.1	0.99	0.99	1.10	11	25	very low	0.68	2.2	69	62
11.3	2.47	2.47	2.76	12	29	high	1.20	3.0	49	9
6.2	2.77	2.77	3.52	27	20	high	0.76	1.2	27	60
9.4	6.36	6.36	7.21	13	7	average	2.20	3.3	35	15
11.0	13.74	13.74	10.36	–25	23	average	2.00	1.4	15	18
10.8	6.61	6.61	1.29	–80	8	low	0.60	4.7	9	6
11.5	0.51	0.51	0.64	25	25	low	none	NA	NA	NA
47.6	12.83*	13.16*	1.19	–91	8	low	0.44	1.9	3	14
2.9	7.01	7.01	6.77	–3	27	average	1.00	2.7	14	5
7.2	4.36	4.36	4.91	13	26	very high	1.88	2.9	43	11
7.2	3.10	2.91E	3.26	12	8	average	0.50	1.5	16	4
5.5	4.16	4.48E	5.13	15	26	very high	2.20	3.1	53	22
3.3	6.33	6.33	5.09	–20	28	low	3.00	6.5	47	4
9.7	5.01	5.01	5.11	2	23	high	2.20	5.0	44	110
21.6	6.52	6.52	6.64	2	30	high	1.52	1.8	23	15
4.1	4.12	4.12	4.67	13	13	average	1.80	3.3	44	1
6.3	2.58	2.58	2.83	10	25	very high	1.38	3.6	53	8
17.4	7.58	7.58	5.84	–23	14	average	1.00	2.3	13	NA
6.5	7.42	7.42	6.08	–18	23	average	1.60	3.6	22	18
8.2	2.43	2.71E	3.13	15	17	high	0.96	2.3	40	7
3.3	1.80	1.80	2.03	13	14	high	0.50	1.9	28	18

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; FORBES

The Forbes 500s on Wall Street

			Stock price			Stock performance—latest 12 months		Stock price ratios—price/earnings			
Company/fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/sales
Gillette/Dec	GS	n	53– 14	53– 34	51¼	48%	132%	25– 9	19.0	15.7	1.30
PH Glatfelter/Dec	GLT	a	49– 13	49– 39	42⅜	6	94	21– 6	11.0	10.9	1.66
GlenFed/June	GLN	n	34– 10	26– 13	13	–34	59	8– 3	3.4	3.8	0.15
Golden West Finl/Dec	GDW	n	34– 9	34– 18	28	58	140	14– 4	11.2	9.0	0.91
Goldome/Dec	GDM	n	7– 1*	5– 1	1⅝	–24	68	NM– NM*	NM	2.7	0.03
BF Goodrich/Dec	GR	n	69– 28	69– 37	40⅜	–23	69	NM– 6	6.2	9.6	0.42
Goodyear/Dec	GT	n	77– 25	60– 33	37½	–17	74	43– 4	11.4	9.2	0.20
WR Grace/Dec	GRA	n	39– 18	39– 28	29¾	–4	86	NM– 10	10.0	11.6	0.42
WW Grainger/Dec	GWW	n	75– 29	75– 53	73⅞	37	122	23– 12	16.8	15.0	1.17
Great American Bank/Dec	GTA	n	25– 3	15– 3	5⅛	–56	39	NM– 3	NM	5.2	0.08
Great American Mgmt/July	GAMI	o	26– 14	25– 18	24	–4	85	NM– 7	NM	NA	0.13
Great A&P Tea/Feb	GAP	n	65– 15	65– 48	52⅞	10	98	19– 10	13.7	11.9	0.18
Great Lakes Bancorp/Dec	GLBC	o	28– 8	25– 14	17½	–13	78	7– 2	5.0	5.8	0.18
Great Lakes Chemical/Dec	GLK	n	51– 15	51– 31	50⅛	55	138	27– 9	14.2	12.6	2.22
Gt Western Financial/Dec	GWF	n	25– 9	25– 15	16¼	7	96	32– 5	20.8	6.6	0.55
Greater NY Savings/Dec	GRTR	o	13– 5*	13– 6	7⅛	–37	56	14– 3*	8.8	6.2	0.30
Greyhound Dial/Dec	G	n	46– 19	38– 28	30⅜	3	92	59– 9	11.1	10.3	0.34
Grumman/Dec	GQ	n	36– 13	23– 13	15½	–30	63	44– 7	8.1	7.6	0.15
GTE/Dec	GTE	n	72– 25	72– 45	63	38	123	NM– 8	15.1	13.8	1.19
Gulf States Utils/Dec	GSU	n	17– 5	14– 8	11⅞	36	121	NM– 3	NM	14.1	0.80
Halliburton/Dec	HAL	n	48– 17	48– 29	45½	51	134	NM– 22	36.1	25.7	0.86
MA Hanna/Dec	MAH	n	30– 11	30– 22	25⅝	13	100	NM– 5	7.7	10.3	0.64
Hannaford Bros/Dec	HRD	n	41– 9	41– 26	33¼	25	112	22– 11	17.4	15.2	0.43
Hanover Insurance/Dec	HINS	o	38– 18	33– 26	29	6	95	63– 4	7.2	8.2	0.37
Harcourt Brace/Dec	HBJ	n	64– 2	19– 2	2¾	–71	26	NM– 5	4.5	NM	0.15
Harnischfeger Inds/Oct	HPH	n	30– 9	25– 15	22⅝	45	129	58– 6	12.4	11.5	0.47
Harris Corp/June	HRS	n	43– 22	40– 28	32⅛	16	103	40– 9	39.7	9.8	0.48
Hartford Steam Boiler/Dec	HBOL	o	59– 10	59– 39	56¼	35	120	16– 7	14.9	15.4	2.39
Hasbro/Dec	HAS	a	31– 10	24– 17	19⅞	12	100	27– 8	12.7	11.2	0.83
Hawaiian Electric/Dec	HE	n	40– 20	40– 30	36	20	106	14– 8	11.8	11.5	0.87
HJ Heinz/Apr	HNZ	n	36– 11	36– 24	30⅞	27	113	22– 12	16.8	14.6	1.30
Henley Group/Dec	HENG	o	62– 34	60– 34*	36	–37	56	NA– NA	NM	NM	0.48
Hercules/Dec	HPC	n	74– 30	52– 30	35⅛	–24	68	NM– 10	NM	10.7	0.53
Hershey Foods/Dec	HSY	n	38– 13	37– 25	31	21	108	27– 11	16.3	14.1	1.15
Hewlett-Packard/Oct	HWP	n	74– 29	58– 40	46½	–10	80	31– 11	13.6	12.6	0.90
Hibernia/Dec	HIB	o	26– 10	26– 16	16⅝	–9	81	12– 7	7.2	6.4	0.65
Hillenbrand Inds/Nov	HB	n	45– 11	45– 27	42½	57	140	23– 11	21.0	18.0	1.39
Hills Dept Stores/Jan	HDS	n	13– 4*	10– 4	4⅜	–44	50	NM– 3*	NM	14.6	0.04
Hilton Hotels/Dec	HLT	n	116– 28	116– 49	51⅝	–2	88	49– 10	22.7	18.2	2.60
Home Depot/Jan	HD	n	47– 5	47– 23	45⅝	103	181	61– 11	32.1	26.4	1.27
HomeFed/Dec	HFD	n	48– 18	48– 25	29½	–9	81	10– 4	5.5	5.3	0.33
Homestake Mining/Dec	HM	n	24– 10	24– 13	19⅛	37	122	64– 18	34.8	31.9	4.15
Homestead Financial/Dec	HFL	n	13– 1	5– 1	15/16	–76	22	NM– 2	NM	NA	0.03
Honeywell/Dec	HON	n	92– 49	92– 65	87½	33	118	NM– 6	6.2	10.8	0.58
Geo A Hormel/Oct	HRL	a	18– 4	18– 11	16⅜	52	136	27– 10	17.6	15.8	0.52
Household Intl†/Dec	HI	n	66– 33	62– 46	49⅝	–14	76	23– 7	7.7	8.0	0.50
Houston Industries/Dec	HOU	n	39– 23	36– 27	32¾	21	107	13– 6	9.9	10.4	1.09

*Range is for less than period indicated. †Prices as originally reported adjusted for splits; stock performance includes value of special distributions.
NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
7.5%	$2.70	$2.70	$3.26	21%	20	very high	$0.96	1.9%	36%	17%
15.5	3.85	3.85	3.90	1	7	average	1.00	2.4	26	25
4.2	3.82	3.92	3.46	–12	12	average	1.20	9.2	31	49
8.1	2.51	2.51	3.13	25	14	average	0.16	0.6	6	25
def	–9.13	–9.13	0.60	D-P	1	NM	none	NA	NA	NA
7.1	6.48	6.48	4.21	–35	15	low	2.12	5.3	33	7
1.7	3.28	3.28	4.10	25	11	low	1.80	4.8	55	5
4.1	2.97	2.97	2.57	–13	17	average	1.40	4.7	47	0
6.9	4.39	4.39	4.93	12	17	high	1.04	1.4	24	11
def	–5.17	–5.17	0.99	D-P	11	very low	none	NA	NA	NA
def	–0.76	0.06	NA	NA	NA	NA	none	NA	NA	NA
1.3	3.84	3.84	4.44	16	11	very high	0.70	1.3	18	32
3.6	3.49	3.49	3.02	–13	3	average	0.80	4.6	23	48
15.5	3.52	3.52	3.98	13	15	average	0.44	0.9	13	16
2.6	0.78	0.78	2.46	215	14	average	0.80	4.9	103	22
4.1	0.81	0.81	1.15	42	2	NM	0.48	6.7	59	NA
3.1	2.75	2.75	2.94	7	14	high	1.32	4.3	48	2
1.9	1.91	1.91	2.04	7	14	average	1.00	6.5	52	1
8.1	4.16	4.16	4.57	10	25	high	2.92	4.6	70	8
0.8	–0.46	–0.46	0.84	D-P	21	low	none	NA	NA	NA
2.4	1.26	1.26	1.77	40	33	average	1.00	2.2	79	–12
7.8	3.34	3.34	2.49	–25	8	average	0.50	2.0	15	15
2.5	1.91	1.91	2.19	15	10	high	0.44	1.3	23	11
5.1	4.02	4.02	3.56	–11	10	low	0.44	1.5	11	11
7.8	0.61	0.61	–1.85	P-D	8	very low	none	NA	NA	NA
3.8	1.83	1.66	1.97	19	13	average	0.20	0.9	11	NA
1.2	0.81	0.55	3.28	496	17	high	0.96	3.0	119	1
16.0	3.78	3.78	3.65	–3	17	average	1.60	2.8	42	48
6.5	1.56	1.56	1.77	13	13	high	0.20	1.0	13	29
7.2	3.06	3.06	3.13	2	8	high	2.16	6.0	71	6
8.1	1.84	1.88E	2.12	13	27	high	0.84	2.7	46	17
def	–9.44	–9.44	–3.68	D-D	5	very low	none	NA	NA	NA
def	–2.09	–2.09	3.27	D-P	22	low	2.24	6.4	NM	9
7.1	1.90	1.90	2.20	16	25	high	0.78	2.5	41	12
6.6	3.41	3.52	3.69	5	41	average	0.42	0.9	12	16
8.9	2.30	2.30	2.60	13	14	average	1.00	6.0	43	16
6.6	2.02	2.02	2.36	17	10	high	0.55	1.3	27	19
def	–0.18	0.15E	0.30	100	7	low	none	NA	NA	NA
11.5	2.27	2.27	2.84	25	17	average	1.00	1.9	44	3
4.1	1.42	1.42	1.73	22	15	average	0.12	0.3	8	NA
6.1	5.36	5.36	5.52	3	14	average	0.20	0.7	4	0
11.8	0.55	0.55	0.60	9	23	low	0.20	1.0	36	25
def	–1.74	–1.74	NA	NA	NA	NA	none	NA	NA	NA
10.0	14.18	14.18	8.14	–43	16	average	2.75	3.1	19	2
2.9	0.93	0.92	1.04	13	10	high	0.26	1.6	28	16
6.9	6.47	6.47	6.20	–4	17	high	2.14	4.3	33	7
10.9	3.32	3.32	3.15	–5	23	average	2.96	9.0	89	3

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; FORBES.

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Company fiscal year end	Ticker symbol	exch	Stock price: 5-year high-low	Stock price: 12-month high-low	Stock price: recent	Stock performance—latest 12 months: price change	Stock performance—latest 12 months: relative to market	Stock price ratios: price/earnings: 5-year high-low	Stock price ratios: price/earnings: latest 12 months	Stock price ratios: price/earnings: 1990 est	Stock price ratios: price/sales
Howard Savings Bank/Dec	HWRD	o	38– 5	23– 5	5⅝	–70%	26%	NM– 6	NM	3.9	0.16
Hubbell/Dec	HUBB	a	46– 17	46– 32	41¾	26	112	19– 11	15.0	13.8	1.76
Humana/Aug	HUM	n	44– 16	44– 29	39½	38	123	60– 8	13.9	13.5	0.88
Huntington Bcshs/Dec	HBAN	o	23– 11	23– 16	18	9	97	16– 7	8.5	7.5	0.79
ICH/Dec	ICH	a	33– 3	7– 3	3	–38	55	NM– 6	NM	3.5	0.06
Idaho Power/Dec	IDA	n	31– 19	30– 23	26⅞	16	103	24– 8	11.3	11.7	1.84
Illinois Power/Dec	IPC	n	32– 13	19– 13	18¼	2	91	NM– 6	NM	12.2	1.05
Illinois Tool Works/Dec	ITW	n	50– 14	50– 34	48⅞	44	128	33– 12	16.0	14.5	1.21
IMC Fertilizer Group/June	IFL	n	50– 23*	46– 31	35⅝	–18	73	11– 6*	8.5	10.6	0.81
INB Financial/Dec	INBF	o	36– 16	33– 25	27¼	–6	84	20– 7	8.1	7.4	0.74
Independence Bancorp/Dec	INBC	o	36– 18	28– 18	19⅞	–3	86	NM– 7	14.3	8.4	0.81
Ingersoll-Rand/Dec	IR	n	57– 18	57– 36	54½	47	131	23– 10	14.4	12.5	0.82
Inland Steel Inds/Dec	IAD	n	49– 15	47– 30	34¼	–13	77	23– 5	10.9	13.3	0.28
Integra Financial/Dec	ITGR	o	38– 16	31– 23	24½	1	89	22– 8	17.3	8.3	0.85
Intel/Dec	INTC	o	44– 11	44– 23	42½	76	157	NM– 8	20.5	15.0	2.51
Interco/Feb	ISS	n	74– ¼	3– ¼	½	–85	14	NM– 1	NM	NA	0.01
Intergraph/Dec	INGR	o	41– 14	24– 14	21⅛	39	123	31– 9	14.3	13.0	1.23
IBM/Dec	IBM	n	176– 93	119– 93	105	–4	85	23– 11	16.2	10.6	0.96
Intl Flavors & Frags/Dec	IFF	n	78– 27	78– 49	59¼	18	105	23– 13	16.2	14.5	2.60
Intl Minerals & Chem/June	IGL	n	60– 25	60– 39	56½	44	129	NM– 9	17.2	20.1	1.01
Intl Multifoods/Feb	IMC	n	40– 18	33– 24	30	8	96	25– 8	13.6	12.6	0.19
International Paper/Dec	IP	n	59– 22	59– 45	51⅛	14	102	27– 6	6.7	8.0	0.49
Interpublic Group/Dec	IPG	n	38– 12	38– 26	33	26	112	21– 10	15.7	13.9	0.94
Ipalco Enterprises/Dec	IPL	n	30– 16	27– 22	24⅜	12	100	15– 6	9.7	9.4	1.55
Itel/Dec	ITL	n	29– 7	29– 18	19½	–6	84	NM– 38	41.5	15.2	0.45
ITT/Dec	ITT	n	66– 30	65– 51	52¼	2	91	30– 6	8.0	8.0	0.32
James River Corp Va/Apr	JR	n	44– 16	34– 23	24½	–12	78	23– 8	8.9	8.6	0.33
Jefferson-Pilot/Dec	JP	n	46– 23	46– 32	39⅛	21	108	17– 6	10.7	11.1	1.27
Johnson & Johnson/Dec	JNJ	n	61– 20	61– 44	55¾	27	113	39– 11	17.2	15.0	1.90
Johnson Controls/Sept	JCI	n	47– 20	47– 27	30¼	–13	77	19– 8	12.7	11.2	0.31
JWP/Dec	JWP	n	35– 5	35– 18	30½	71	152	33– 7	16.1	13.2	0.38
K mart/Jan	KM	n	48– 20	45– 32	34¼	–9	81	23– 7	21.3	8.4	0.23
Kansas City P&L/Dec	KLT	n	36– 18	36– 29	32⅝	12	100	13– 4	9.9	9.7	1.38←
Kansas Power & Light/Dec	KAN	n	33– 17	25– 22	22⅝	4	93	13– 8	11.0	9.9	0.69
Kaufman & Broad Home/Nov	KBH	n	22– 6*	22– 10	12⅛	18	105	13– 4*	5.0	6.1	0.27
Kellogg/Dec	K	n	82– 23	82– 59	60⅜	2	91	23– 12	17.5	14.4	1.58
Kelly Services/Dec	KELYA	o	42– 13	42– 27	35	28	114	28– 12	14.8	13.4	0.76
Kemper/Dec	KEM	o	52– 17	52– 31	37¾	21	108	19– 6	6.3	8.1	0.67
Kentucky Utilities/Dec	KU	n	24– 13	21– 18	19⅞	7	96	17– 9	9.8	9.7	1.41
Kerr-McGee/Dec	KMG	n	52– 24	52– 41	50¼	21	108	NM– 10	15.7	17.2	0.82
KeyCorp/Dec	KEY	n	31– 17	30– 23	25¼	9	97	13– 6	7.9	6.9	0.65
Kimberly-Clark/Dec	KMB	n	75– 24	75– 59	63⅝	7	95	20– 9	12.1	11.5	0.90
King World Prods/Aug	KWP	n	45– 4	45– 23	42¾	72	153	33– 7	13.7	12.8	2.52
Knight-Ridder/Dec	KRI	n	61– 32	58– 43	52	16	103	26– 11	11.0	15.5	1.16
Kroger/Dec	KR	n	59– 7	20– 10	12⅞	26	112	NM– 2	NM	33.0	0.06
Lafarge/Dec	LAF	n	21– 7	21– 16	19⅛	21	108	31– 6	9.7	9.7	0.65
Landmark Land/Dec	LML	a	25– 6	23– 6	13¾	–28	64	NM– 6	NM	NA	0.20

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
def	$-4.61	$-4.61	$1.46	D-P	2	NM	$0.60	10.7%	NM	NA
11.9%	2.78	2.78	3.03	9%	10	high	1.36	3.3	49%	17%
6.5	2.84	2.56	2.92	14	27	high	1.04	2.6	37	9
9.3	2.11	2.11	2.41	14	12	average	0.74	4.1	35	10
def	–5.30	–5.30	0.85	55	5	low	none	NA	NA	NA
17.1	2.37	2.37	2.30	–3	18	average	1.86	6.9	78	2
def	–4.34	–4.34	1.50	D-P	22	average	none	NA	NA	NA
7.5	3.06	3.06	3.38	10	11	very high	0.60	1.2	20	13
9.6	4.20	5.27	3.36	–36	10	average	1.08	3.0	26	NA
9.2	3.38	3.38	3.71	10	9	high	1.20	4.4	36	15
5.5	1.39	1.39	2.38	71	6	average	1.16	5.8	83	4
5.9	3.78	3.78	4.35	15	21	high	1.20	2.2	32	2
2.9	3.15	3.15	2.57	–18	17	low	1.40	4.1	44	NA
5.0	1.42	1.42	2.95	108	6	average	1.20	4.9	85	16
12.5	2.07	2.07	2.84	37	36	average	none	NA	NA	NA
def	–0.60	–1.42E	NA	NA	NA	NA	none	NA	NA	NA
9.2	1.48	1.48	1.62	9	18	average	none	NA	NA	NA
6.0	6.47	6.47	9.87	53	38	high	4.84	4.6	75	2
15.9	3.65	3.65	4.10	12	18	high	2.16	3.6	59	17
7.0	3.29	4.49	2.81	–37	10	low	1.00	1.8	30	–15
1.4	2.20	1.92E	2.39	24	6	high	1.18	3.9	54	0
7.6	7.72	7.72	6.42	–17	22	average	1.68	3.3	22	8
5.8	2.10	2.10	2.38	13	12	very high	0.68	2.1	32	14
16.1	2.54	2.54	2.62	3	15	high	1.80	7.3	71	4
1.4	0.47	0.47	1.28	172	10	low	none	NA	NA	NA
4.6	6.52	6.52	6.50	0	20	average	1.60	3.1	25	13
4.0	2.74	2.78E	2.84	2	12	average	0.60	2.4	22	12
12.1	3.65	3.65	3.54	–3	24	average	1.36	3.5	37	8
11.1	3.25	3.25	3.72	14	32	very high	1.16	2.1	36	16
2.4	2.38	2.55	2.71	6	17	average	1.20	4.0	50	7
2.2	1.90	1.90	2.31	22	7	high	none	NA	NA	NA
1.1	1.61	1.61	4.06	152	35	average	1.64	4.8	102	15
14.8	3.31	3.31	3.35	1	17	high	2.56	7.8	77	3
6.5	2.05	2.05	2.28	11	15	average	1.80	8.0	88	4
6.4	2.44	2.44	1.98	–19	7	low	0.30	2.5	12	NM
9.1	3.46	3.46	4.18	21	36	average	1.92	3.2	55	19
5.1	2.36	2.36	2.62	11	7	very high	0.66	1.9	28	17
11.1	5.96	5.96	4.68	–21	17	average	0.92	2.4	15	9
15.5	2.02	2.02	2.06	2	13	average	1.46	7.3	72	3
5.1	3.20	3.20	2.93	–8	28	average	1.32	2.6	41	3
8.3	3.20	3.20	3.66	14	14	very high	1.28	5.1	40	12
7.4	5.26	5.26	5.52	5	22	high	2.72	4.3	52	21
NA	3.12	2.91	3.34	15	10	high	none	NA	NA	NA
10.9	4.71	4.71	3.35	–29	24	average	1.32	2.5	28	15
def	–0.23	–0.23	0.39	D-P	9	very low	none	NA	NA	NA
6.7	1.98	1.98	1.98	0	12	average	0.40	2.1	20	25
def	–0.07	0.00	NA	NA	NA	NA	none	NA	NA	NA

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes.

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			Stock price			Stock performance —latest 12 months—		Stock price ratios			
								price/earnings			
Company/fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
Liberty National/Dec	LNBC	o	31– 14	31– 26	26¼	–2%	87%	14– 8	8.6	8.0	0.86
Eli Lilly/Dec	LLY	n	69– 19	69– 50	61⅞	23	109	36– 11	19.3	16.0	4.13
Limited/Jan	LTD	n	53– 12	42– 25	41⅛	49	133	40– 12	21.4	17.6	1.59
LIN Broadcasting/Dec	LINB	o	131– 13	131– 80	80	–7	83	NM– 18	74.8	29.3	16.46
Lincoln National/Dec	LNC	n	63– 36	63– 47	53⅜	9	97	20– 8	8.8	10.1	0.28
Litton Industries/July	LIT	n	108– 64	98– 71	73½	–2	88	50– 9	10.3	10.1	0.35
Liz Claiborne/Dec	LIZC	o	39– 9	28– 17	24¼	45	129	33– 9	13.0	11.6	1.52
Lockheed/Dec	LK	n	62– 29	55– 34	36¼	–19	72	NM– 4	NM	7.0	0.23
Loews/Dec	LTR	n	135– 42	135– 86	105½	22	109	15– 6	8.7	9.2	0.71
Lone Star Tech/Dec	LSST	o	24– 3*	11– 3	4⅞	–49	46	NM– NM*	NM	NM	0.16
Long Island Lighting/Dec	LIL	n	20– 6	20– 15	19⅛	27	114	NM– 2	NM	8.2	0.91
Longs Drug Stores/Jan	LDG	n	49– 24	49– 35	42¼	20	107	23– 12	14.0	12.8	0.40
Loral/Mar	LOR	n	49– 25	37– 28	30⅝	–14	76	22– 10	9.9	8.5	0.68
Lotus Development/Dec	LOTS	o	39– 5	38– 19	34¾	67	149	30– 7	21.6	15.3	2.60
Louisiana Land/Dec	LLX	n	46– 23	46– 34	41⅜	22	108	NM– 9	25.9	27.1	1.63
Louisiana-Pacific/Dec	LPX	n	45– 17	45– 30	44½	50	133	41– 7	8.8	10.8	0.83
Louisville G&E/Dec	LOU	n	44– 26	42– 32	39⅝	20	106	14– 8	12.4	11.6	1.24
Lowe's Cos/Jan	LOW	n	42– 15	34– 22	32⅝	40	125	25– 9	16.2	14.4	0.46
LTV/Dec	LTV	n	11– 1	2– 1	1½	–37	56	NM– NM	0.7	0.7	0.03
Lubrizol/Dec	LZ	n	45– 20	45– 33	35⅞	–2	87	23– 10	14.2	12.6	1.08
Lyondell Petrochem†/Dec	LYO	n	34– 17	30– 17	17¼	–31	61	4– 3	3.7	5.3	0.26
Mack Trucks/Dec	MACK	o	21– 5	14– 5	6½	–52	42	NM– 6	NM	NM	0.11
Manufacturers Hanover/Dec	MHC	n	58– 19	45– 28	34⅛	–1	88	NM– 3	NM	6.2	0.29
Manufacturers Natl/Dec	MNTL	o	60– 25	60– 44	49	9	97	NM– 6	6.9	6.5	0.67
Manville/Dec	MVL	n	71– 7	11– 7	8½	11	99	38– 1	5.7	8.5	0.19
Mapco/Dec	MDA	n	43– 15	43– 30	38⅝	25	111	25– 7	12.7	10.5	0.66
Marion Merrell Dow†/June	MKC	n	42– 7	37– 22	21⅞	66	148	71– 14	64.4	12.7	5.64
Marriott/Dec	MHS	n	44– 16	41– 26	27⅛	–10	80	30– 14	17.2	13.0	0.35
Marsh & McLennan Cos/Dec	MMC	n	90– 30	90– 59	68⅝	16	103	25– 11	16.7	14.8	2.05
Marshall & Ilsley/Dec	MRIS	o	39– 20	38– 30	33	12	100	14– 8	8.6	7.9	0.90
Martin Marietta/Dec	ML	n	57– 31	54– 38	42¼	–6	83	15– 6	7.3	6.7	0.37
Masco/Dec	MAS	n	41– 14	31– 24	25⅜	1	90	25– 11	17.9	12.4	1.24
Masco Industries/Dec	MASX	o	19– 3	10– 6	6	–35	58	NM– 9	10.3	8.2	0.27
Mattel/Dec	MAT	n	22– 6	22– 11	19⅞	71	152	NM– 10	12.4	10.5	0.78
Maxxam/Dec	MXM	a	51– 8	51– 26	41	49	133	NM– 3	3.2	NA	0.15
May Dept Stores/Jan	MA	n	53– 21	53– 37	48½	30	116	20– 8	13.4	11.2	0.63
Maytag/Dec	MYG	n	32– 12	27– 17	16⅞	–16	75	21– 9	13.3	12.3	0.58
MBIA/Dec	MBI	n	33– 11*	33– 23	30¾	27	113	12– 5*	11.2	10.2	6.60
MCA/Dec	MCA	n	71– 30	71– 49	51⅛	–1	88	37– 15	19.5	17.0	1.11
McCaw Cellular/Dec	MCAWA	o	47– 11*	47– 28	30¼	–18	73	NM– NM*	NM	NM	9.96
McCormick & Co/Nov	MCCRK	o	27– 8	27– 14	20⅜	45	129	28– 7	6.7	14.2	0.68
McDonald's/Dec	MCD	n	35– 13	35– 24	31⅜	29	115	22– 11	16.1	14.2	1.87
McDonnell Douglas/Dec	MD	n	95– 50	95– 50	55⅛	–39	54	NM– 7	53.3	12.0	0.15
McGraw-Hill/Dec	MHP	n	86– 40	86– 49	52⅝	–21	70	NM– 12	64.2	14.1	1.43
MCI Communications/Dec	MCIC	o	49– 5	49– 26	35⅜	33	119	NM– 13	15.7	11.9	1.37
McKesson/Mar	MCK	n	40– 21	40– 30	36⅞	19	106	21– 11	15.1	13.8	0.19
Mead/Dec	MEA	n	50– 18	47– 30	31⅞	–13	78	18– 6	9.6	11.9	0.43

*Range is for less than period indicated. †Prices as originally reported adjusted for splits; stock performance includes value of special distributions. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
9.4%	$3.07	$3.07	$3.29	7%	4	high	$0.94	3.6%	31%	22%
22.5	3.20	3.20	3.86	21	37	high	1.64	2.7	51	14
7.5	1.92	1.92	2.34	22	30	high	0.48	1.2	25	32
22.9	1.07	1.07	2.73	155	7	average	none	NA	NA	NA
3.3	6.06	6.06	5.30	–13	26	average	2.60	4.9	43	14
3.5	7.16	7.05	7.28	3	20	very high	none	NA	NA	NA
11.7	1.87	1.87	2.09	12	15	high	0.20	0.8	11	22
0.0	0.03	0.03	5.21	NM	27	average	1.80	5.0	NM	24
8.2	12.07	12.07	11.44	–5	9	average	1.00	0.9	8	–18
def	–9.50	–9.50	–0.16	D-D	4	very low	none	NA	NA	NA
def	–1.57	–1.57	2.34	D-P	21	average	1.00	5.2	NM	NA
2.9	3.01	3.01	3.30	10	11	very high	0.96	2.3	32	6
6.8	3.11	3.11E	3.60	16	20	average	0.80	2.6	26	11
12.2	1.61	1.61	2.27	41	29	average	none	NA	NA	NA
6.6	1.60	1.60	1.53	–4	23	low	1.00	2.4	63	0
9.6	5.04	5.04	4.14	–18	16	low	1.00	2.2	20	7
11.2	3.20	3.20	3.42	7	11	average	2.78	7.0	87	5
2.8	2.01	2.01	2.26	12	16	average	0.52	1.6	26	6
4.2	2.06	2.06	2.04	–1	2	NM	none	NA	NA	NA
7.7	2.52	2.52	2.86	13	13	average	1.44	4.0	57	5
7.0	4.67	4.67	3.23	–31	9	low	1.60	9.3	34	NA
def	–6.25	–6.25	–1.66	D-D	10	low	none	NA	NA	NA
def	–11.49	–11.49	5.53	D-P	24	low	3.28	9.5	NM	3
9.8	7.06	7.06	7.51	6	12	high	2.16	4.4	31	15
9.0	1.48	1.48	1.00	–32	5	low	none	NA	NA	NA
5.7	3.04	3.04	3.68	21	8	average	1.00	2.6	33	12
4.3	0.34	1.46	1.73	18	18	high	0.60	2.7	176	54
2.3	1.58	1.58	2.09	32	18	average	0.28	1.0	18	25
12.1	4.10	4.10	4.65	13	29	average	2.50	3.6	61	23
10.9	3.84	3.84	4.17	9	9	high	1.08	3.3	28	17
5.3	5.82	5.82	6.33	9	26	high	1.35	3.2	23	7
7.0	1.42	1.42	2.05	44	16	average	0.52	2.0	37	21
2.8	0.58	0.58	0.73	26	12	low	none	NA	NA	NA
6.4	1.60	1.60	1.90	19	12	average	none	NA	NA	NA
4.8	12.97	12.97	NA	NA	NA	NA	none	NA	NA	NA
5.2	3.63	3.63	4.32	19	33	high	1.58	3.3	44	11
4.3	1.27	1.27	1.37	8	14	high	0.95	5.6	75	4
59.6	2.74	2.74	3.03	11	6	average	0.40	1.3	15	NA
5.7	2.62	2.62	3.01	15	20	average	0.68	1.3	26	1
def	–1.95	–1.95	–1.00	D-D	6	very low	none	NA	NA	NA
10.9	3.09	3.09	1.45	–53	10	high	0.44	2.1	14	10
12.0	1.95	1.95	2.21	13	26	very high	0.31	1.0	16	9
0.3	1.04	1.04	4.61	343	27	low	2.82	5.1	NM	10
2.2	0.82	0.82	3.73	355	17	average	2.16	4.1	NM	10
9.3	2.26	2.26	2.98	32	26	high	none	NA	NA	NA
1.4	2.44	2.39E	2.68	12	10	high	1.44	3.9	59	5
4.7	3.33	3.33	2.69	–19	21	low	0.88	2.8	26	10

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes.

The Forbes 500s on Wall Street

Company fiscal year-end	Ticker symbol	exch	Stock price 5-year high-low	Stock price 12-month high-low	Stock price recent	Stock performance—latest 12 months—price change	Stock performance—latest 12 months—relative to market	Stock price ratios—price/earnings—5-year high-low	Stock price ratios—price/earnings—latest 12 months	Stock price ratios—price/earnings—1990 est	Stock price ratios—price/sales
Medtronic/Apr	MDT	n	71– 14	71– 41	61¾	50%	134%	20– 11	16.1	13.5	2.11
Mellon Bank/Dec	MEL	n	73– 23	38– 24	25	–10	80	NM– 7	7.5	5.0	0.25
Melville/Dec	MES	n	54– 20	54– 40	46⅜	17	104	18– 8	13.0	11.6	0.63
Mercantile Bancorp/Dec	MTRC	o	37– 17	29– 24	26	0	89	NM– 7	NM	8.2	0.56
Mercantile Bkshs/Dec	MRBK	o	28– 12	28– 20	22½	13	100	16– 8	9.4	8.5	1.35
Mercantile Stores/Jan	MST	n	53– 22	51– 34	37½	–15	75	21– 9	10.6	9.3	0.60
Merchants National/Dec	MCHN	o	41– 16	32– 24	23½	–10	80	38– 7	8.3	6.3	0.64
Merck/Dec	MRK	n	81– 16	81– 64	69⅝	9	97	36– 14	18.4	15.4	4.20
Meridian Bancorp/Dec	MRDN	o	28– 14	27– 17	17⅜	–15	76	13– 6	7.5	7.0	0.60
Meritor Savings Bank/Dec	MTOR	o	13– 2	6– 2	2⅜	–37	56	NM– 8	NM	NM	0.06
Merrill Lynch/Dec	MER	n	47– 20	37– 21	21⅜	–21	70	NM– 6	NM	11.6	0.19
Metro Mobile CTS/Sept	MMZA	a	79– 12*	79– 58	67½	12	100	NM– NM*	NM	NM	9.92
Fred Meyer/Jan	MEYR	o	23– 10*	23– 13	13⅜	–19	73	NM– 8*	NM	7.9	0.13
Michigan National/Dec	MNCO	o	58– 24	58– 39	39¼	–11	79	14– 3	3.4	5.7	0.47
Micron Technology/Aug	MCRN	o	26– 3	26– 7	12⅛	–32	60	NM– 4	6.2	NM	1.11
Microsoft/June	MSFT	o	29– 3	29– 12	27⅝	119	195	49– 13	15.1	12.2	1.58
Midlantic/Dec	MIDL	o	52– 18	48– 18	19⅛	–50	45	13– 4	3.6	3.6	0.31
Minn Mining & Mfg/Dec	MMM	n	85– 37	85– 66	83¼	24	110	22– 11	14.9	13.7	1.55
Minnesota Power & Lt/Dec	MPL	n	35– 16	28– 23	25⅝	9	97	13– 7	8.8	10.4	1.60
MNC Financial/Dec	MNC	n	29– 11	29– 18	19⅝	–13	77	12– 5	6.9	5.3	0.55
Mobil/Dec	MOB	n	63– 26	63– 48	61¼	25	111	24– 7	13.9	12.7	0.50
Molex/June	MOLX	o	57– 23	43– 30	42	33	119	35– 13	16.9	16.9	1.86
Monarch Capital/Dec	MON	n	91– 11	45– 11	16⅝	–58	38	NM– 7	NM	8.0	0.24
Monsanto/Dec	MTC	n	124– 41	124– 93	109	17	104	NM– 9	10.9	9.9	0.82
Montana Power/Dec	MTP	n	22– 11	22– 17	21	21	108	17– 5	14.5	11.5	1.37
JP Morgan & Co/Dec	JPM	n	54– 22	48– 34	34⅞	–6	83	NM– 6	NM	7.5	0.62
Morgan Stanley/Dec	MS	n	80– 26*	80– 56	62	0	89	11– 4*	5.5	6.9	0.41
Morrison Knudsen/Dec	MRN	n	56– 30	56– 39	53	33	119	NM– 14	18.9	15.5	0.28
Morton International/June	MII	n	55– 31	48– 32	37⅞	54	137	54– 20	19.7	14.4	1.21
Motorola/Dec	MOT	n	74– 29	70– 40	66⅛	66	148	73– 10	17.3	15.0	0.90
Multibank Financial/Dec	MLTF	o	33– 11	26– 11	11½	–51	44	17– 5	4.9	4.8	0.24
Murphy Oil/Dec	MUR	n	47– 20	47– 34	44⅛	27	113	NM– 10	32.4	26.3	0.91
Nalco Chemical/Dec	NLC	n	50– 22	50– 36	49⅛	36	121	23– 12	16.3	14.8	1.66
Nash Finch/Dec	NAFC	o	28– 12	26– 20	20⅞	–8	82	21– 8	17.3	10.9	0.10
National City/Dec	NCC	n	42– 17	42– 31	35	12	100	18– 6	8.1	7.2	0.83
Natl Community Bks/Dec	NCBR	o	56– 13	45– 19	21	–42	52	18– 5	4.9	4.3	0.57
National Intergroup/Mar	NII	n	31– 10	20– 12	17¼	0	89	NM– NM	18.0	8.3	0.12
National Medical/May	NME	n	40– 16	40– 27	32½	18	105	22– 8	15.3	10.5	0.67
Natl Semiconductor/May	NSM	n	22– 5	9– 5	8	5	93	NM– 22	22.2	16.3	0.50
National Service/Aug	NSI	n	30– 14	30– 24	26⅜	12	100	19– 10	13.5	12.8	0.83
Navistar Intl/Oct	NAV	n	12– 3	7– 3	4⅛	–30	63	NM– 5	NM	17.2	0.25
NBD Bancorp/Dec	NBD	n	35– 13	35– 25	30	17	104	12– 6	8.4	7.9	0.85
NCNB/Dec	NCB	n	55– 16	55– 34	38¾	9	97	15– 7	8.4	6.5	0.64
NCR/Dec	NCR	n	87– 25	72– 53	69⅝	29	115	21– 8	12.9	11.7	0.82
New England Electric/Dec	NES	n	35– 19	29– 23	26¾	18	105	NM– 6	11.3	10.3	1.03
NY State E&G/Dec	NGE	n	39– 20	29– 22	24¾	11	99	41– 6	9.8	9.1	1.00
New York Times/Dec	NYTA	a	50– 19	35– 23	24	–9	81	26– 7	7.1	18.8	1.05

*Range is for less than period indicated. †Prices as originally reported adjusted for splits; stock performance includes value of special distributions. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
12.9%	$3.83	$3.99E	$4.58	15%	13	very high	$0.70	1.1%	18%	19%
5.0	3.33	3.33	4.97	49	24	average	1.40	5.6	42	–19
5.3	3.56	3.56	4.01	13	19	high	1.42	3.1	40	16
0.1	0.03	0.03	3.18	NM	12	low	1.40	5.4	NM	1
14.3	2.40	2.40	2.66	11	7	very high	0.80	3.6	33	13
5.6	3.54	3.54	4.02	14	11	high	0.92	2.5	26	15
7.7	2.82	2.82	3.73	32	8	high	1.20	5.1	43	24
22.8	3.78	3.78	4.53	20	38	very high	1.80	2.6	48	45
7.8	2.32	2.32	2.50	8	15	high	1.20	6.9	52	6
def	–1.75	–1.75	–0.13	D-D	4	very low	none	NA	NA	NA
def	–2.31	–2.31	1.85	D-P	13	low	1.00	4.7	NM	7
def	–2.37	–2.16	–1.34	D-D	7	very low	none	NA	NA	NA
def	–0.28	–0.28	1.74	D-P	6	average	none	NA	NA	NA
14.1	11.59	11.59	6.93	–40	10	high	2.00	5.1	17	46
18.4	1.97	2.85	0.13	–95	8	very low	none	NA	NA	NA
22.1	1.83	1.52	2.26	49	31	high	none	NA	NA	NA
8.9	5.37	5.37	5.36	0	19	low	1.88	9.8	35	12
10.4	5.60	5.60	6.10	9	25	high	2.92	3.5	52	11
19.2	2.90	2.90	2.44	–16	13	average	1.86	7.3	64	6
8.1	2.85	2.85	3.71	30	25	high	1.16	5.9	41	22
3.6	4.40	4.40	4.81	9	43	average	2.60	4.2	59	4
10.8	2.48	2.28	2.49	9	14	average	0.03	0.1	1	12
def	–4.05	–4.05	2.09	D-P	11	very low	none	NA	NA	NA
7.8	10.03	10.03	10.98	9	30	average	3.40	3.1	34	8
9.8	1.45	1.45	1.83	26	17	average	1.42	6.8	98	9
def	–7.04	–7.04	4.68	D-P	31	average	1.82	5.2	NM	11
7.6	11.21	11.21	8.98	–20	13	average	1.50	2.4	13	59
1.5	2.81	2.81	3.43	22	11	average	1.48	2.8	53	–5
6.2	1.92	2.03	2.63	30	17	average	0.88	2.3	46	9
5.2	3.83	3.83	4.42	15	34	average	0.76	1.1	20	4
4.9	2.33	2.33	2.42	4	6	average	0.80	7.0	34	17
2.8	1.37	1.37	1.69	23	12	low	1.00	2.3	73	0
11.2	3.01	3.01	3.31	10	17	high	1.48	3.0	49	6
0.6	1.21	1.21	1.92	59	3	average	0.68	3.3	56	9
10.3	4.35	4.35	4.85	11	24	high	1.88	5.4	43	23
11.7	4.32	4.32	4.88	13	2	NM	1.40	6.7	32	20
0.9	0.96	1.88E	2.07	10	3	low	none	NA	NA	NA
4.1	2.12	2.71E	3.09	14	19	high	0.72	2.2	34	9
2.9	0.36	–0.19E	0.49	D-P	15	very low	none	NA	NA	NA
6.1	1.97	1.92	2.08	8	10	very high	0.92	3.5	47	16
0.8	0.00	0.23	0.24	4	19	very low	none	NA	NA	NA
10.2	3.59	3.59	3.81	6	24	high	1.28	4.3	36	16
7.3	4.62	4.62	5.96	29	36	average	1.40	3.6	30	12
6.9	5.38	5.38	5.94	10	31	high	1.40	2.0	26	14
8.4	2.36	2.36	2.60	10	21	average	2.04	7.6	86	2
11.1	2.53	2.53	2.73	8	18	average	2.04	8.2	81	1
15.1	3.39	3.39	1.28	–62	25	low	0.52	2.2	15	16

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes

The Forbes 500s on Wall Street

			Stock price			Stock performance —latest 12 months—		Stock price ratios			
								price/earnings			
Company/fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
Newell Co/Dec	NWL	n	27– 4	27– 16	25½	59%	142%	19– 7	18.1	16.2	1.34
Newmont Mining/Dec	NEM	n	102– 20	54– 34	48⅝	29	115	NM– 5	26.0	34.7	5.65
Niagara Mohawk Power/Dec	NMK	n	26– 11	15– 11	13⅛	8	96	NM– 6	16.8	10.3	0.61
Nicor/Dec	GAS	n	47– 19	47– 30	39¼	28	114	NM– 7	9.9	10.0	0.72
NIKE/May	NIKE	o	69– 8	69– 33	63¼	92	171	44– 6	11.3	9.4	1.16
Nipsco Industries/Dec	NI	n	20– 8	20– 14	17⅞	30	116	NM– 7	10.4	9.8	0.79
Nordstrom/Jan	NOBE	o	43– 9	43– 27	29¾	–5	85	40– 15	21.1	16.2	0.91
Norfolk Southern/Dec	NSC	n	42– 21	42– 32	37⅛	12	99	42– 8	10.7	10.1	1.37
Northeast Bancorp/Dec	NBIC	o	80– 24	73– 24	38	–45	49	NM– 7	NM	8.9	0.73
Northeast Savings FA/Mar	NSB	n	26– 3	8– 3	4⅛	27	65	NM– 2	NM	NM	0.03
Northeast Utilities/Dec	NU	n	28– 15	23– 19	20⅝	8	96	17– 5	11.0	9.8	1.02
No States Power/Dec	NSP	n	41– 22	41– 30	36¼	18	105	14– 8	11.2	10.9	1.14
Northern Trust/Dec	NTRS	o	71– 21	71– 48	62⅜	28	114	NM– 6	10.0	9.6	0.88
Northrop/Dec	NOC	n	57– 15	29– 15	15⅞	–41	52	NM– 8	NM	8.2	0.14
Norton/Dec	NRT	n	76– 32	76– 45	76⅜	67	149	NM– 10	18.6	19.0	1.02
Norwest/Dec	NOB	n	24– 8	24– 18	19½	7	95	NM– 7	7.7	7.0	0.63
Novell/Oct	NOVL	o	45– 3	45– 24	42¾	38	123	48– 15	27.1	19.9	3.32
Nucor/Dec	NUE	n	68– 21	68– 47	65⅜	38	123	24– 9	24.1	17.5	1.10
NWNL/Dec	NWNL	o	44– 20	44– 27	29⅛	–4	85	29– 6	7.0	5.6	0.27
Nynex/Dec	NYN	n	92– 39	92– 69	81½	17	104	20– 7	19.9	12.9	1.22
Occidental Petroleum/Dec	OXY	n	40– 22	31– 26	27⅛	2	91	61– 9	29.5	23.0	0.37
Ogden/Dec	OG	n	45– 13	35– 25	26	–4	86	NM– 15	15.5	13.9	0.76
Ohio Casualty/Dec	OCAS	o	53– 26	53– 35	47¼	19	106	23– 5	10.0	8.9	0.62
Ohio Edison/Dec	OEC	n	24– 14	24– 19	19½	–2	87	11– 5	8.9	8.9	1.38
Oklahoma G&E/Dec	OGE	n	39– 22	39– 32	35¾	9	97	15– 9	11.7	11.1	1.28
Old Kent Financial/Dec	OKEN	o	30– 16	30– 22	26⅝	17	104	10– 6	8.2	8.1	0.77
Old Republic Intl/Dec	OLDR	o	35– 17	30– 23	23⅜	–5	85	16– [illegible]	5.3	5.7	0.39
Old Stone/Dec	OSTN	o	34– 7	24– 7	9¼	–52	42	NM– 5	NM	5.9	0.16
Olin/Dec	OLN	n	68– 29	68– 51	57¼	11	98	NM– 9	9.5	9.2	0.43
Oracle Systems/May	ORCL	o	28– 2*	28– 11	25¼	127	202	65– 17*	35.1	17.2	4.25
Oryx Energy/Dec	ORX	n	48– 23*	48– 30	45⅝	47	131	NM– 70*	NM	43.6	4.17
Owens-Corning/Dec	OCF	n	83– 9	37– 21	21⅞	–16	75	27– 1	5.4	5.4	0.29
Paccar/Dec	PCAR	o	53– 20	53– 37	43	–9	81	22– 6	6.2	9.2	0.45
Pacific Enterprises/Dec	PET	n	61– 36	54– 39	45½	13	100	43– 10	14.9	14.6	0.47
Pacific G&E/Dec	PCG	n	28– 14	23– 18	21¼	21	108	NM– 6	11.2	10.2	1.06
Pacific Telesis/Dec	PAC	n	52– 17	52– 34	44½	29	115	17– 7	14.7	14.5	1.93
PacifiCorp/Dec	PPW	n	24– 13	24– 17	22⅛	27	113	13– 8	12.2	11.7	1.46
PaineWebber Group/Dec	PWJ	n	39– 13	24– 16	17½	–1	88	48– 6	16.7	12.8	0.15
Pall/July	PLL	a	37– 16	37– 28	35¼	25	112	33– 15	23.2	19.0	2.60
Pan Am/Dec	PN	n	10– 2	5– 3	2⅞	–32	60	NM– 16	NM	NM	0.12
Panhandle Eastern/Dec	PEL	n	50– 18	31– 21	27⅛	30	116	NM– 7	33.1	19.4	0.85
Paramount Commun/Oct	PCI	n	66– 16	66– 42	44	–5	85	28– 4	3.7	18.6	1.51
Parker Hannifin/June	PH	n	49– 19	32– 24	29¼	7	95	27– 10	13.4	12.3	0.58
Penn Central/Dec	PC	n	34– 19	28– 23	24⅝	7	95	71– 7	9.9	12.4	0.94
Penn Traffic/Jan	PNF	a	28– 12*	28– 17	20½	22	109	NM– NM*	NM	NA	0.04
JC Penney/Jan	JCP	n	76– 23	76– 52	68⅝	31	117	18– 8	10.9	10.2	0.51
Pennsylvania P&L/Dec	PPL	n	43– 24	43– 34	41¾	21	108	15– 8	10.3	10.5	1.34

*Range is for less than period indicated. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-Z: Deficit to zero. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
7.6%	$1.41	$1.41	$1.57	11%	13	average	$0.50	2.0%	35	26%
21.6	1.87	1.87	1.40	–25	19	low	0.60	1.2	32	6
5.2	0.78	0.78	1.28	64	23	average	none	NA	NA	NA
7.4	3.98	3.98	3.92	–2	11	average	2.00	5.1	50	–7
10.4	5.62	6.00E	6.76	13	12	average	0.80	1.3	14	12
8.8	1.72	1.72	1.82	6	20	average	1.04	5.8	60	NA
4.3	1.41	1.41	1.84	30	36	average	0.30	1.0	21	31
13.4	3.48	3.48	3.66	5	26	average	[illegible]	3.9	41	5
0.2	0.08	0.08	4.29	NM	4	average	1.40	3.7	NM	1
0.1	–1.49	–1.68E	0.00	D-Z	2	NM	none	NA	NA	NA
9.2	1.87	1.87	2.11	13	19	average	1.76	8.5	94	2
11.2	3.24	3.24	3.34	3	20	very high	2.22	6.1	69	8
9.2	6.23	6.23	6.52	5	11	high	1.52	2.4	24	10
def	–1.71	–1.71	1.93	D-P	17	low	1.20	7.6	NM	4
5.6	4.10	4.10	4.02	–2	12	low	2.00	2.6	49	0
8.1	2.52	2.52	2.79	11	21	very high	0.82	4.2	33	6
12.3	1.58	1.46	2.15	47	25	average	none	NA	NA	NA
4.6	2.71	2.71	3.73	38	16	average	0.48	0.7	18	16
3.8	4.14	4.14	5.25	27	12	average	1.20	4.1	29	5
6.1	4.10	4.10	6.32	54	25	high	4.56	5.6	111	10
1.3	0.92	0.92	1.18	28	29	very low	2.50	9.2	NM	0
4.9	1.68	1.68	1.87	11	12	average	1.25	4.8	74	9
6.4	4.73	4.73	5.29	12	23	average	2.32	4.9	49	11
16.8	2.18	2.18	2.19	0	22	average	1.96	10.1	90	1
11.3	3.05	3.05	3.23	6	20	high	2.48	6.9	81	11
9.9	3.23	3.23	3.30	2	13	average	1.06	4.0	33	9
8.4	4.44	4.44	4.18	–6	4	average	0.74	3.1	17	5
def	–2.77	–2.77	1.65	D-P	4	low	1.56	16.0	NM	2
4.9	6.02	6.02	6.20	3	10	high	2.00	3.5	33	7
12.7	0.72	0.98E	1.47	50	14	high	none	NA	NA	NA
4.7	0.51	0.51	1.04	104	26	low	1.20	2.6	NM	NA
5.7	4.08	4.08	4.06	0	16	average	none	NA	NA	NA
7.3	6.90	6.90	4.68	–32	10	average	2.50	5.8	36	37
3.1	3.05	3.05	3.11	2	17	average	3.48	7.6	114	1
10.5	1.90	1.90	2.09	10	22	high	1.52	7.2	80	–7
12.9	3.02	3.02	3.06	1	26	high	2.02	4.5	67	9
12.5	1.81	1.81	1.90	5	26	high	1.38	6.2	76	3
1.8	1.05	1.05	1.37	30	12	low	0.52	3.0	50	2
11.1	1.52	1.51	1.86	23	15	high	0.56	1.6	37	23
def	–2.31	–2.31	–1.32	D-D	15	very low	none	NA	NA	NA
2.1	0.82	0.82	1.40	71	24	average	2.00	7.4	NM	–4
40.9	11.80	2.37E	2.76	13	24	average	0.70	1.6	6	14
4.3	2.18	2.11	2.38	13	21	average	0.92	3.1	42	3
10.1	2.48	2.48	1.99	–20	8	low	0.48	1.9	19	NM
def	–6.10	–6.10	NA	NA	NA	NA	none	NA	NA	NA
5.0	6.31	6.31	6.76	7	36	high	2.64	3.8	42	18
15.0	4.05	4.05	3.96	–2	19	average	2.98	7.1	74	3

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; FORBES.

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			Stock price			Stock performance —latest 12 months—		Stock price ratios —price/earnings—			
Company/fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
Pennzoil/Dec	PZL	n	95– 37	90– 77	80	–4%	86%	NM– 16	33.1	22.2	1.38
People's Bank/Dec	PBCT	o	10– 7*	10– 7	7⅜	–8	82	10– 7*	7.6	6.6	0.35
Peoples Energy/Sept	PGL	n	27– 14	27– 21	22½	7	95	15– 6	8.7	9.3	0.59
PepsiCo/Dec	PEP	n	66– 17	66– 43	61⅜	42	126	23– 9	18.1	15.5	1.07
Perkin-Elmer/July	PKN	n	41– 19	29– 21	23⅞	11	99	NM– 11	NM	19.9	1.74
Perpetual Financial/Oct	PFCP	o	20– 5	11– 5	5⅝	–31	62	NM– 4	NM	12.0	0.12
Petrie Stores/Jan	PST	n	40– 14	27– 19	23	22	108	40– 11	33.3	26.7	0.86
Pfizer/Dec	PFE	n	77– 41	76– 55	58⅞	5	94	19– 10	14.6	12.4	1.72
Phelps Dodge†/Dec	PD	n	79– 16	79– 51	60	23	110	NM– 3	7.9	6.7	0.77
PHH/Apr	PHH	n	45– 26	39– 31	34½	4	93	31– 10	11.2	9.8	0.31
Philadelphia Elec/Dec	PE	n	26– 14	25– 17	18	–8	82	11– 5	7.6	7.9	1.12
Philip Morris Cos/Dec	MO	n	46– 9	46– 29	39⅜	37	122	17– 7	12.4	10.8	0.94
Phillips Petroleum/Dec	P	n	30– 8	30– 21	25¼	12	99	NM– 4	28.1	12.2	0.50
PHM/Dec	PHM	n	24– 6	19– 7	8⅝	–30	62	60– 3	4.1	4.8	0.19
Pinnacle West/Dec	PNW	n	33– 5	14– 5	13⅜	–4	86	NM– 3	NM	11.1	0.77
Pioneer Hi-Bred Intl/Aug	PHYB	o	48– 24	48– 35	41¾	18	105	26– 9	17.4	15.0	1.51
Pitney Bowes/Dec	PBI	n	55– 18	55– 40	46¼	12	100	23– 10	19.6	12.6	1.26
Pittston/Dec	PCO	n	22– 9	22– 17	18⅞	5	93	NM– 14	NM	12.4	0.43
PNC Financial/Dec	PNC	n	51– 25	49– 38	39⅞	–3	87	16– 7	10.0	7.0	0.81
Polaroid/Dec	PRD	n	50– 13	50– 35	46¾	15	103	NM– 8	23.9	16.2	1.28
Potlatch/Dec	PCH	n	42– 16	42– 31	41	29	115	20– 7	8.6	9.2	0.96
Potomac Electric/Dec	POM	n	30– 14	24– 20	21½	10	98	15– 8	10.0	9.8	1.51
PPG Industries/Dec	PPG	n	54– 17	46– 37	42¼	–2	87	19– 8	10.1	10.2	0.80
Premark Intl/Dec	PMI	n	42– 19*	42– 25	27¾	–16	74	NM– 8*	12.2	10.6	0.35
Premier Bancorp/Dec	PRBC	n	19– 4*	7– 4	4⅝	–8	82	NM– 9*	NM	14.5	0.27
Premier Industrial/May	PRE	n	26– 8	26– 17	25⅜	40	125	27– 14	20.2	17.1	2.38
Price Co/Aug	PCLB	o	56– 24	50– 35	40	13	101	46– 14	16.7	15.4	0.39
Primerica/Dec	PA	n	35– 17*	30– 20	27⅝	27	113	28– 7*	9.5	8.2	0.53
Procter & Gamble/June	PG	n	71– 25	71– 45	67¼	47	131	22– 11	16.9	15.8	1.03
Progressive/Dec	PGR	n	43– 12	43– 27	34⅞	18	105	22– 6	11.9	9.2	0.64
Provident Life & Acc/Dec	PACCB	o	30– 11	30– 20	22⅝	3	92	11– 7	7.1	6.8	0.40
PSI Holdings/Dec	PIN	n	19– 7	18– 13	16¾	28	114	11– 4	7.2	8.7	0.86
Public Service Colo/Dec	PSR	n	27– 16	27– 20	23⅞	19	106	16– 7	9.2	9.6	0.73
Public Service NH/Dec	PNH	n	11– 2	5– 3	3¾	–9	81	NM– 1	NM	3.8	0.26
Public Service NM/Dec	PNM	n	39– 11	16– 11	12⅝	10	98	NM– 5	7.3	9.2	0.58
Pub Svc Enterprise/Dec	PEG	n	32– 18	30– 24	26	8	96	18– 7	9.9	9.6	1.14
Puget Sound Bancorp/Dec	PSNB	o	29– 15	27– 20	22⅛	–3	87	21– 7	13.0	8.1	0.80
Puget Sound P&L/Dec	PSD	n	25– 13	23– 18	20¼	9	97	13– 6	10.8	9.7	1.27
Quaker Oats/June	OAT	n	69– 21	69– 45	47⅛	–6	84	26– 11	18.9	13.2	0.62
Quantum Chemical/Dec	CUE	n	107– 19	53– 19	21¾	–58	38	20– 2	2.2	5.0	0.21
Ralston Purina/Sept	RAL	n	102– 39	102– 78	83¼	5	94	22– 9	15.2	13.3	0.71
Raytheon/Dec	RTN	n	85– 44	85– 60	63¼	–4	85	16– 7	7.9	7.3	0.47
Readers Digest Assn/June	RDA	n	NA– NA	25– 21*	24¼	NA	NA	NA– NA	16.7	NA	1.52
Reebok International/Dec	RBK	n	25– 3*	20– 12	17½	23	109	20– 5*	11.4	9.9	1.09
Reliance Group/Dec	REL	n	12– 4*	9– 4	5¾	10	97	25– 3*	19.8	23.0	0.11
Republic New York/Dec	RNB	n	58– 27	52– 43	46¾	5	94	NM– 7	NM	8.0	0.55
Reynolds Metals/Dec	RLM	n	63– 15	60– 49	55	7	95	NM– 5	6.0	7.5	0.53

*Range is for less than period indicated. †Prices as originally reported adjusted for splits; stock performance includes value of special distributions. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

	Earnings						Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
4.4%	$2.42	$2.42	$3.61	49%	26	low	$3.00	3.8%	124%	9%
4.6	1.00	1.00	1.15	15	2	NM	0.72	9.4	72	NA
6.8	2.60	2.39	2.43	2	13	high	1.66	7.4	64	7
5.9	3.40	3.40	3.97	17	29	high	1.00	1.6	29	14
def	-0.86	-0.56	1.20	D-P	14	low	0.68	2.8	NM	4
0.7	0.04	1.34	0.47	-65	2	NM	none	NA	NA	NA
2.6	0.69	0.69	0.86	25	7	low	0.20	0.9	29	-35
12.0	4.04	4.04	4.76	18	35	high	2.40	4.1	59	10
9.9	7.59	7.59	8.93	18	23	low	3.00	5.0	40	NA
2.8	3.08	3.16E	3.51	11	7	high	1.16	3.4	38	5
17.3	2.36	2.36	2.27	-4	26	average	2.20	12.2	93	0
7.6	3.18	3.18	3.66	15	32	very high	1.38	3.5	43	27
1.8	0.90	0.90	2.07	130	40	low	1.00	4.0	111	0
4.9	2.10	2.10	1.79	-15	4	low	0.12	1.4	6	0
def	-6.36	-6.36	1.21	D-P	15	low	none	NA	NA	NA
8.8	2.40	3.09	2.79	-10	9	average	1.16	2.8	48	5
6.5	2.36	2.36	3.67	56	21	high	1.20	2.6	51	16
0.2	0.10	0.10	1.52	NM	6	average	0.20	1.1	200	NA
8.1	3.98	3.98	5.73	44	31	high	2.12	5.3	53	14
7.6	1.96	1.96	2.88	47	24	average	0.60	1.3	31	6
11.1	4.79	4.79	4.47	-7	14	low	1.20	2.9	25	9
15.4	2.16	2.16	2.19	1	23	high	1.52	7.1	70	7
8.1	4.18	4.18	4.14	-1	20	average	1.52	3.6	36	16
3.0	2.24	2.24	2.56	14	13	average	0.84	3.1	38	NA
def	-4.29	-4.29	0.32	D-P	3	very low	none	NA	NA	NA
11.8	1.25	1.33E	1.48	11	8	high	0.40	1.6	32	21
2.4	2.40	2.30	2.59	13	17	high	none	NA	NA	NA
5.1	2.87	2.87	3.30	15	18	average	0.32	1.2	11	38
6.2	3.99	3.56	4.27	20	25	high	1.80	2.7	45	9
5.6	2.93	2.93	3.79	29	16	average	0.48	1.4	16	95
5.6	3.17	3.17	3.35	6	17	average	0.80	3.5	25	4
11.8	2.32	2.32	1.92	-17	19	low	0.80	4.8	34	NA
8.6	2.59	2.59	2.48	-4	19	average	2.00	8.4	77	2
def	-0.26	-0.26	1.00	D-P	1	NM	none	NA	NA	NA
9.0	1.73	1.73	1.38	-20	19	low	none	NA	NA	NA
11.3	2.62	2.62	2.72	4	22	high	2.08	8.0	79	2
6.1	1.70	1.70	2.72	60	7	average	0.96	4.3	56	11
13.3	1.88	1.88	2.08	11	13	average	1.76	8.7	94	-2
3.5	2.49	2.56	3.57	39	33	average	1.40	3.0	56	21
9.3	9.85	9.85	4.36	-56	21	very low	none	NA	NA	NA
5.1	5.48	6.44	6.25	-3	28	average	1.85	2.2	34	14
6.0	8.01	8.01	8.63	8	32	very high	2.40	3.8	30	10
9.0	1.45	1.28	NA	NA	NA	NA	0.48	2.0	33	NA
9.6	1.53	1.53	1.76	15	11	average	0.30	1.7	20	59
0.5	0.29	0.29	0.25	-14	4	very low	0.32	5.6	110	67
0.9	0.04	0.04	5.83	NM	8	high	1.32	2.8	NM	4
8.7	9.20	9.20	7.31	-21	29	average	1.80	3.3	20	38

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes

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Company fiscal year-end	Ticker symbol	exch	Stock price 5-year high-low	 12-month high-low	 recent	Stock performance —latest 12 months— price change	 relative to market	Stock price ratios price/earnings 5-year high-low	 latest 12 months	 1990 est	 price/sales
Riggs National/Dec	RIGS	o	42– 17	28– 18	18½	–26%	66%	NM– 6	6.5	6.0	0.37
Rite Aid/Feb	RAD	n	46– 22	41– 30	31⅞	–3	86	23– 12	12.8	11.0	0.42
Roadway Services/Dec	ROAD	o	46– 23	43– 28	39½	31	116	33– 11	16.2	13.8	0.58
Rochester Community/Nov	RCSB	o	19– 8*	19– 11	13½	–23	68	19– 7*	9.3	8.1	0.42
Rockwell Intl/Sept	ROK	n	31– 14	27– 20	22¼	5	94	13– 6	7.8	8.9	0.44
Rohm & Haas/Dec	ROH	n	53– 19	38– 29	32⅛	–2	87	21– 8	12.1	12.2	0.80
Rorer Group/Dec	ROR	n	68– 19	68– 36	67⅞	74	155	NM– 12	25.2	26.6	2.02
Rose's Stores/Jan	RSTO	o	23– 5	10– 5	6⅜	–28	64	22– 7	14.2	14.2	0.08
Rouse/Dec	ROUS	o	30– 13	30– 23	24⅛	–10	80	NM– 48	NM	25.4	2.34
Rubbermaid/Dec	RBD	n	38– 11	38– 28	35⅜	22	109	33– 15	22.4	19.4	1.94
Russell/Dec	RML	n	27– 7	27– 19	25¼	31	117	21– 9	16.4	13.9	1.53
Ryder System/Dec	R	n	43– 15	31– 18	19½	–21	70	54– 7	33.6	12.4	0.29
Ryland Group/Dec	RYL	n	33– 10	26– 18	20½	–4	85	19– 4	6.3	6.9	0.18
Safeco/Dec	SAFC	o	42– 17	42– 26	36¼	30	116	16– 6	7.6	8.7	0.81
Safety-Kleen/Dec	SK	n	40– 13	39– 25	31⅜	14	102	38– 19	23.1	19.4	2.22
St Joe Paper/Dec	SJP	n	NA-NA	47– 40*	45¼	NA	NA	NA– NA	20.6	NA	2.17
St Jude Medical/Dec	STJM	o	25– 1	25– 12	23¾	89	168	NM– 9	21.9	18.0	3.69
St Paul Bancorp/Dec	SPBC	o	20– 9*	20– 13	14	5	93	23– 5*	16.1	6.8	0.52
St Paul Cos/Dec	STPL	o	64– 28	64– 48	60¼	25	112	37– 5	7.5	9.0	0.79
Salomon/Dec	SB	n	59– 17	28– 20	21¼	–10	80	52– 6	6.7	6.8	0.28
San Diego G&E/Dec	SDO	n	46– 23	46– 37	42¼	14	102	18– 8	13.4	13.0	1.13
Santa Fe Pacific/Dec	SFX	n	65– 14	26– 17	19⅞	–6	83	NM– 9	NM	22.3	1.05
Sara Lee/June	SLE	n	34– 9	34– 24	28¼	19	106	22– 10	15.5	14.7	0.55
Scana/Dec	SCG	n	43– 23	36– 30	32⅛	7	95	15– 8	10.6	10.1	1.15
SCEcorp/Dec	SCE	n	41– 23	41– 31	38	19	106	18– 7	10.7	10.4	1.20
Schering-Plough/Dec	SGP	n	88– 20	88– 62	78¼	27	113	23– 11	18.8	15.8	2.82
Charles Schwab/Dec	SCH	n	18– 6*	18– 9	16⅞	93	172	35– 7*	24.8	22.2	0.77
Scott Paper/Dec	SPP	n	53– 18	53– 39	44⅞	8	97	16– 7	8.8	10.2	0.65
EW Scripps/Dec	EWSCA	o	27– 15*	27– 18	21½	14	101	22– 17*	18.9	16.7	1.30
Seagate Technology/June	SGAT	o	46– 5	20– 10	17⅛	56	139	NM– 4	8.8	7.9	0.48
Seamen's†/Dec	SMN	a	9– 1/32*	1– 1/32	1/32	–98	2	NM– 4*	NM	NA	NM
Sears, Roebuck/Dec	S	n	60– 26	48– 37	38⅜	–9	81	15– 6	8.9	8.2	0.24
Security Bancorp/Dec	SECB	o	26– 9	24– 18	18¾	–11	79	12– 7	7.7	8.9	0.63
Security Pacific/Dec	SPC	n	55– 21	55– 35	37⅛	–6	84	NM– 6	5.9	5.3	0.43
Sequa†/Dec	SQAA	n	88– 33	78– 60	70⅛	17	104	22– 8	13.8	9.2	0.35
Service Merchandise†/Dec	SME	n	22– 2	22– 5	7	42	126	26– 2	5.0	5.8	0.11
SFFed Corp/Dec	SFFD	o	22– 10*	22– 12	12½	–12	79	NM– 3*	NM	4.7	0.23
Shawmut National/Dec	SNC	n	31– 15	30– 15	15⅛	–40	54	NM– 6	NM	4.7	0.51
Sherwin-Williams/Dec	SHW	n	39– 16	36– 27	36⅛	34	120	22– 10	14.3	12.8	0.73
Sigma-Aldrich/Dec	SIAL	o	60– 20	60– 44	56½	25	111	34– 18	21.8	18.7	3.18
Signet Banking/Dec	SBK	n	43– 21	43– 27	27	–13	78	43– 6	5.9	5.7	0.53
Smith's Food & Drug/Dec	SFD	n	27– 21	27– 21*	26½	0	0	NA– NA	22.8	19.9	0.39
Snap-on Tools/Dec	SNA	n	47– 17	42– 29	32¼	–10	80	24– 11	12.7	11.8	1.49
Society/Dec	SOCI	o	41– 20	41– 28	32¼	–5	84	11– 6	7.0	6.6	0.96
Society for Savings/Dec	SOCS	o	24– 5	24– 12	15⅜	–20	71	26– 4	4.1	5.7	0.35
Sonat/Dec	SNT	n	51– 21	51– 30	48⅜	60	142	NM– 6	18.1	21.2	1.12
Sonoco Products/Dec	SONO	o	39– 11	39– 30	33½	–5	85	22– 11	14.2	12.7	0.88

*Range is for less than period indicated. †Prices as originally reported adjusted for splits; stock performance includes value of special distributions. NA: Not available o applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
5.7%	$2.86	$2.86	$3.08	8%	5	average	$1.25	6.8%	44%	6%
3.3	2.49	2.44E	2.89	18	14	average	0.90	2.8	36	6
3.6	2.44	2.44	2.87	18	21	average	1.10	2.8	45	4
4.6	1.45	1.45	1.67	15	3	average	0.56	4.1	39	NA
5.8	2.84	2.87	2.49	–13	21	high	0.78	3.5	27	9
6.6	2.65	2.65	2.64	0	23	average	1.20	3.7	45	14
7.3	2.67	2.67	2.53	–5	13	high	0.84	1.2	31	2
0.6	0.45	0.45	0.45	0	4	low	0.21	3.3	47	5
2.0	0.15	0.15	0.95	NM	3	very low	0.60	2.5	NM	12
8.7	1.58	1.58	1.82	15	16	high	0.52	1.5	33	20
9.4	1.57	1.57	1.85	18	11	high	0.32	1.2	20	18
1.0	0.58	0.58	1.57	171	23	low	0.60	3.1	103	11
3.1	3.25	3.25	2.99	–8	8	low	0.60	2.9	18	19
10.7	4.75	4.75	4.16	–12	27	average	1.20	3.3	25	13
9.6	1.36	1.36	1.62	19	23	average	0.40	1.3	29	15
10.6	2.20	2.20	NA	NA	NA	NA	0.24	0.5	11	81
34.4	1.07	1.07	1.30	21	13	high	none	NA	NA	NA
3.3	0.87	0.87	2.07	138	9	average	0.40	2.9	46	NA
10.5	8.13	8.13	6.73	–17	25	average	2.40	4.0	30	13
5.2	3.26	3.26	3.19	–2	13	low	0.64	2.9	20	3
9.0	3.15	3.15	3.25	3	15	high	2.70	6.4	86	5
def	–1.23	–1.23	0.89	D-P	20	low	0.10	0.5	NM	NA
3.8	1.82	1.75	1.92	10	35	very high	0.84	3.0	46	20
10.9	3.04	3.04	3.19	5	18	high	2.52	7.8	83	3
11.3	3.56	3.56	3.64	2	26	high	2.56	6.7	72	7
14.9	4.18	4.18	4.98	19	35	very high	1.80	2.3	43	23
3.4	0.68	0.68	0.76	12	7	average	0.12	0.7	18	NA
7.4	5.11	5.11	4.40	–14	25	high	0.80	1.8	16	7
7.1	1.14	1.14	1.29	13	7	high	0.40	1.9	35	NA
5.8	1.95	0.01	2.17	NM	16	average	none	NA	NA	NA
def	–10.29	0.00	NA	NA	NA	NA	none	NA	NA	NA
2.8	4.30	4.30	4.69	9	29	average	2.00	5.2	47	3
9.3	2.45	2.45	2.11	–14	3	high	0.92	4.9	38	11
7.4	6.26	6.26	6.95	11	28	high	2.28	6.1	36	15
2.9	5.10	5.10	7.63	50	2	NM	0.60	0.9	12	7
2.2	1.39	1.39	1.20	–14	10	low	none	NA	NA	NA
def	–1.12	–1.12	2.67	D-P	3	average	none	NA	NA	NA
def	–1.77	–1.77	3.21	D-P	19	low	1.00	6.6	NM	13
5.1	2.52	2.52	2.83	12	11	high	0.76	2.1	30	12
14.5	2.59	2.59	3.02	17	12	very high	0.40	0.7	15	20
9.0	4.55	4.55	4.75	4	21	high	1.56	5.8	34	10
1.5	1.16	1.16	1.33	15	6	average	0.28	1.1	24	NA
11.8	2.55	2.55	2.73	7	20	average	1.08	3.3	42	18
9.7	4.63	4.63	4.88	5	13	average	1.76	5.5	38	17
8.6	3.86	3.86	2.75	–29	2	NM	0.60	3.8	16	78
6.1	2.67	2.67	2.28	–15	21	average	2.00	4.1	75	0
6.3	2.36	2.36	2.63	11	12	high	0.84	2.5	36	25

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes.

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			Stock price			Stock performance —latest 12 months		Stock price ratios			
								price/earnings			
Company fiscal year-end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
South Carolina Natl/Dec	SCNC	o	28– 16	27– 20	21¼	3%	92%	16– 7	8.0	7.5	0.71
Southeast Banking/Dec	STB	n	31– 13	29– 13	14⅝	–38	55	28– 6	6.1	4.9	0.28
Southern Company/Dec	SO	n	30– 18	30– 23	25⅝	10	98	13– 6	9.6	9.2	1.08
Southern Natl/Dec	SNAT	o	16– 9	16– 12	13¾	1	90	16– 9	11.6	NA	0.89
So N England Telecom/Dec	SNG	n	47– 19	47– 31	37¼	20	107	17– 9	12.3	12.6	1.42
SouthTrust/Dec	SOTR	o	25– 15	25– 20	20¾	–2	87	12– 7	7.6	7.0	0.74
Southwest Gas/Dec	SWX	n	27– 15	20– 17	17⅝	–1	88	14– 7	8.1	8.3	0.40
Southwestern Bell/Dec	SBC	n	65– 24	65– 44	55	25	111	18– 7	15.1	13.9	1.39
Southwestern Pub Svc/Aug	SPS	n	38– 21	31– 25	29⅜	12	100	16– 8	10.2	11.5	1.46
Sovran Financial/Dec	SOV	n	45– 23	43– 33	34¼	4	93	15– 7	7.7	6.9	0.78
Spiegel/Dec	SPGLA	o	24– 6*	24– 11	20⅛	69	151	18– 6*	14.3	12.4	0.62
Springs Industries/Dec	SMI	n	45– 16	45– 33	35⅞	–11	79	31– 7	9.9	9.3	0.33
SPX/Dec	SPW	n	45– 22	37– 23	26	1	90	22– 5	4.6	10.7	0.57
Square D/Dec	SQD	n	66– 35	63– 49	54	3	91	17– 10	13.6	10.3	0.78
Standard Fedl Bank/Dec	SFB	n	13– 5*	13– 8	8¼	–11	79	9– 2*	5.6	5.6	0.26
Stanley Works/Dec	SWK	n	40– 18	40– 31	34⅞	13	101	18– 10	12.9	11.9	0.75
Star Banc/Dec	STRZ	o	27– 13	27– 18	19	–6	84	16– 8	9.5	8.6	0.86
State Street Boston/Dec	STBK	o	41– 13	41– 27	38	40	125	18– 7	13.4	12.3	1.26
Stone Container/Dec	STO	n	40– 8	33– 20	21½	–27	65	NM– 4	4.5	7.1	0.24
Student Loan/Dec	SLM	n	54– 10	54– 37	45	22	108	24– 11	17.8	15.0	1.35
Subaru of America/Oct	SBRU	o	39– 5	9– 5	6½	–5	84	NM– 7	NM	NM	0.19
Sumitomo Bank Calif/Dec	SUMI	o	35– 13	35– 20	30	46	130	13– 5	6.9	6.2	0.56
Summit Bancorp/Dec	SUBN	o	30– 11	22– 15	17¼	–17	74	18– 6	6.7	7.7	0.81
Sun Company/Dec	SUN	n	73– 28	43– 34	36⅛	5	94	NM– 4	39.5	11.4	0.40
Sun Microsystems/June	SUNW	o	25– 6*	25– 13	24¼	46	130	59– 11*	56.4	24.3	1.00
Sundstrand/Dec	SNS	n	84– 36	84– 55	72¼	32	118	NM– 10	11.7	11.3	0.84
SunTrust Banks/Dec	STI	n	28– 16*	27– 20	21⅛	0	89	15– 8*	8.1	7.5	0.82
Sunwest Financial/Dec	SFSI	o	39– 17	32– 17	18¾	–39	54	14– 8	8.7	7.2	0.57
Super Food Services/Aug	SFS	a	22– 9	22– 16	16¼	–7	83	19– 8	11.2	10.3	0.11
Super Valu Stores/Feb	SVU	n	30– 15	30– 23	25⅛	10	98	25– 11	13.4	11.2	0.17
Sysco/June	SYY	n	34– 8	34– 21	28⅜	33	118	30– 14	21.5	19.7	0.35
Talman Home Federal/Dec	TLMN	o	14– 6*	11– 6	6¼	–32	61	6– 2*	3.3	3.4	0.11
Tambrands/Dec	TMB	n	77– 33	77– 57	72	24	111	NM– 13	NM	16.0	2.63
Tandem Computers/Sept	TDM	n	38– 7	30– 15	28¼	65	147	40– 13	25.2	18.4	1.76
Tandy/June	TAN	n	57– 28	49– 32	34	–19	72	22– 9	9.6	9.0	0.63
TCF Financial/Dec	TCB	n	18– 7*	17– 10	12	12	99	NM– 4*	7.8	4.8	0.16
TECO Energy/Dec	TE	n	30– 15	30– 23	28¾	27	113	16– 9	12.2	11.9	1.54
Tecumseh Products/Dec	TECU	o	160–100	149–124	127½	–12	78	14– 8	8.4	9.1	0.46
Tele-Communications/Dec	TCOMA	o	22– 4	22– 13	13⅜	0	89	NM– 28	NM	NM	1.59
Teledyne/Dec	TDY	n	78– 45	76– 64	68¾	–1	88	27– 8	25.4	13.7	1.08
Tele & Data Systems/Dec	TDS	a	48– 4	48– 34	36⅞	4	92	NM– 11	NM	73.8	4.55
Temple-Inland/Dec	TIN	n	36– 13	36– 25	31⅛	26	112	20– 6	8.4	8.2	0.82
Tenneco/Dec	TGT	n	69– 35	69– 47	67	41	126	NM– 12	15.0	12.9	0.60
Texaco†/Dec	TX	n	61– 24	61– 49	58⅜	26	113	31– 4	6.4	12.2	0.48
Texas Air/Dec	TEX	a	52– 5	23– 5	8⅜	–29	63	NM– 3	NM	NM	0.05
Texas Instruments/Dec	TXN	n	80– 28	47– 28	36¼	–3	86	NM– 9	11.9	18.7	0.45
Texas Utilities/Dec	TXU	n	38– 25	38– 28	34	21	108	9– 6	7.7	7.8	1.44

*Range is for less than period indicated. †Prices as originally reported adjusted for splits; stock performance includes value of special distributions. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
9.0%	$2.73	$2.73	$2.89	6%	7	high	$0.72	3.3%	26%	13%
4.7	2.42	2.42	3.00	24	21	low	1.12	7.7	46	10
11.3	2.68	2.68	2.78	4	26	high	2.14	8.3	80	2
7.7	1.19	1.19	NA	NA	NA	NA	0.40	2.9	34	7
11.3	3.04	3.04	2.95	–3	15	high	1.76	4.7	58	4
9.5	2.73	2.73	2.97	9	13	high	1.04	5.0	38	14
5.1	2.15	2.15	2.10	–2	5	average	1.40	8.1	65	3
12.5	3.64	3.64	3.95	9	26	high	2.60	4.7	71	13
15.2	2.87	2.45	2.55	4	15	average	2.20	7.5	77	3
10.2	4.49	4.49	5.01	12	27	high	1.80	5.2	40	7
4.3	1.41	1.41	1.62	15	10	average	0.38	1.9	27	NA
3.4	3.64	3.64	3.88	7	12	average	1.20	3.3	33	14
12.9	5.70	5.70	2.42	–58	10	average	1.00	3.8	18	1
6.2	3.98	3.98	5.26	32	15	average	2.20	4.1	55	2
4.7	1.48	1.48	1.48	0	8	average	0.40	4.8	27	NA
6.0	2.71	2.71	2.93	8	16	average	1.08	3.1	40	12
9.1	2.01	2.01	2.21	10	6	average	0.96	5.1	48	7
9.5	2.84	2.84	3.10	9	16	average	0.64	1.7	23	22
5.4	4.76	4.76	3.02	–37	15	low	0.72	3.3	15	40
7.9	2.53	2.53	3.01	19	14	very high	0.52	1.2	21	54
def	–0.43	–0.87	–0.12	D-D	12	very low	none	NA	NA	NA
7.8	4.37	4.37	4.85	11	1	NM	1.60	5.3	37	12
12.3	2.57	2.57	2.24	–13	6	high	0.80	4.6	31	10
1.0	0.92	0.92	3.19	247	24	low	1.80	4.9	196	–8
1.8	0.43	0.76	1.00	32	38	low	none	NA	NA	NA
7.6	6.17	6.17	6.39	4	18	average	2.20	3.0	36	NA
10.2	2.61	2.61	2.82	8	32	high	0.84	4.0	32	15
6.5	2.15	2.15	2.61	21	8	low	1.12	6.0	52	3
0.9	1.50	1.47	1.63	11	10	high	0.32	1.9	21	21
1.3	1.89	1.97E	2.27	15	15	high	0.60	2.4	32	4
1.6	1.32	1.19	1.44	21	15	very high	0.20	0.7	15	16
3.5	2.08	2.08	1.96	–6	4	average	none	NA	NA	NA
0.3	0.08	0.08	4.49	NM	12	high	2.16	3.0	NM	6
7.0	1.14	1.17	1.56	33	27	average	none	NA	NA	NA
7.1	3.53	3.64	3.77	4	34	average	0.60	1.8	17	44
2.1	1.53	1.53	2.52	65	6	low	0.40	3.3	26	NA
12.6	2.36	2.36	2.41	2	23	high	1.52	5.3	64	6
5.5	15.10	15.10	14.00	–7	1	NM	4.45	3.5	29	1
def	–0.73	–0.73	–0.37	D-D	6	very low	none	NA	NA	NA
4.3	2.71	2.71	5.01	85	11	low	0.80	1.2	30	0
4.6	0.35	0.35	0.50	43	5	average	0.28	0.8	80	6
9.8	3.75	3.75	3.87	3	15	average	0.80	2.5	21	22
4.1	4.46	4.46	5.19	16	26	average	3.04	4.5	68	0
7.4	9.12	9.12	4.81	–47	38	average	3.00	5.1	33	NA
def	–22.71	–22.71	–6.09	D-D	15	very low	none	NA	NA	NA
4.5	3.04	3.04	1.94	–36	28	very low	0.72	2.0	24	2
18.0	4.44	4.44	4.36	–2	24	average	2.92	8.6	66	4

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes

The Forbes 500s on Wall Street

			Stock price			Stock performance—latest 12 months		Stock price ratios			
								price/earnings			
Company/fiscal year end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
Textron/Dec	TXT	n	40– 17	29– 21	23⅜	–13%	78%	14– 6	7.7	7.4	0.28
Time Warner/Dec	TWX	n	183– 50	183– 88	93⅜	–21	70	NM– 10	NM	NM	0.70
Times Mirror/Dec	TMC	n	53– 22	45– 32	34½	0	89	25– 9	15.0	14.4	1.28
Timken/Dec	TKR	n	41– 20	39– 26	29½	–14	77	NM– 11	15.7	12.3	0.58
TJX Cos†/Jan	TJX	n	44– 14	30– 14	16⅛	3	91	28– 6	12.2	11.1	0.53
Torchmark/Dec	TMK	n	59– 18	59– 32	47⅞	48	132	16– 7	12.3	11.3	1.55
Tosco/Dec	TOS	n	26– 5	26– 17	21¼	3	92	NM– 1	12.4	6.4	0.20
Toys "R" Us/Jan	TOY	n	42– 13	42– 25	40½	63	145	38– 17	24.7	19.8	1.62
Transamerica/Dec	TA	n	52– 23	48– 33	39	16	104	20– 6	9.3	9.5	0.43
Transco Energy/Dec	E	n	61– 18	50– 35	42	16	103	NM– 9	13.6	15.8	0.43
Travelers/Dec	TIC	n	60– 31	45– 32	32⅝	-15	75	NM– 7	8.0	8.8	0.27
Tribune/Dec	TRB	n	63– 20	63– 40	43⅝	6	94	27– 13	13.7	13.5	1.20
Trinova/Dec	TNV	n	44– 14	30– 21	28¼	4	92	30– 7	29.7	11.6	0.48
Trustmark/Dec	TRMK	o	32– 12	24– 20	20	–11	79	0– 0	0.0	0.0	NM
TRW/Dec	TRW	n	70– 35	52– 42	50¼	18	105	25– 9	11.7	11.4	0.41
Tucson Electric/Dec	TEP	n	65– 12	42– 12	14⅛	-64	32	NM– 7	NM	18.1	0.61
Turner Broadcasting/Dec	TBSA	a	64– 5	64– 25	46⅝	85	164	NM– 13	NA	NM	2.18
Turner Corp/Dec	TUR	a	31– 13	18– 13	14⅜	-17	74	NM– 8	27.1	10.1	0.02
TW Holdings/Dec	TWFS	o	NA–NA	5– 3*	3¼	NA	NA	NA– NA	NA	NA	NM
20th Century Inds/Dec	TWEN	o	30– 15*	27– 17	23	19	106	32– 5*	6.5	7.3	0.84
Tyco Laboratories/May	TYC	n	54– 8	54– 33	47⅞	39	124	37– 9	18.8	13.2	0.96
Tyson Foods/Sept	TYSNA	o	28– 5	28– 15	27⅝	81	161	36– 10	17.1	16.9	0.60
UAL/Dec	UAL	n	294– 40	294–112	157⅞	39	124	NM– 6	10.5	14.5	0.35
UJB Financial/Dec	UJB	n	33– 16	29– 17	17⅛	–18	73	16– 6	6.5	6.1	0.62
Union Bank/Dec	UBNK	o	37– 17	32– 22	24½	-2	87	16– 5	6.0	5.5	0.47
Union Camp/Dec	UCC	n	48– 22	41– 33	35¼	2	91	29– 7	8.1	9.3	0.88
Union Carbide/Dec	UK	n	33– 7	32– 20	21¼	-27	65	NM– 4	5.3	6.9	0.35
Union Electric/Dec	UEP	n	32– 16	29– 24	26½	12	99	12– 6	10.2	9.9	1.35
Union Pacific/Dec	UNP	n	87– 45	81– 63	68⅞	8	96	20– 10	12.3	11.7	1.06
Union Planters/Dec	UPC	n	20– 9	16– 9	9¼	–31	62	NM– 10	NM	5.8	0.41
Union Texas Petrol/Dec	UTH	n	20– 6*	20– 12	18⅝	48	131	NM– 8*	12.5	19.2	1.60
Unisys/Dec	UIS	n	48– 12	28– 12	15⅝	–39	54	NM– 7	NM	11.4	0.24
UA Entertainment/Dec	UAECA	o	24– 4	24– 13*	13¼	–17	74	NA– NA	NM	NM	1.73
United Banks of Colo/Dec	UBKS	o	36– 12	24– 16	19	16	103	NM– 6	18.3	14.5	0.46
United Missouri Bcsh/Dec	UMSB	o	33– 18	33– 25	29¼	13	101	13– 8	10.3	9.4	0.97
US Bancorp/Dec	USBC	o	33– 14	33– 22	29¼	31	117	14– 7	9.6	8.3	0.87
US Shoe/Jan	USR	n	35– 13	23– 16	21¼	15	102	NM– 11	18.6	10.2	0.38
United Technologies/Dec	UTX	n	61– 30	58– 43	56¼	32	117	NM– 7	10.6	9.9	0.35
United Telecom/Dec	UT	n	44– 10	44– 26	38⅝	48	132	NM– 8	22.3	14.7	1.05
Universal/June	UVV	n	39– 19	39– 29	32⅝	-11	80	14– 7	11.7	10.1	0.19
Unocal/Dec	UCL	n	32– 8	32– 20	30¼	46	130	NM– 6	27.3	19.9	0.70
UNUM/Dec	UNM	n	51– 15*	51– 30	44¼	48	131	15– 8*	11.4	10.4	0.81
Upjohn/Dec	UPJ	n	54– 13	42– 28	39½	42	127	42– 14	41.6	16.5	2.45
US West/Dec	USW	n	81– 37	81– 61	72¼	18	105	13– 8	12.1	11.7	1.41
USAir Group/Dec	U	n	55– 25	55– 25	30⅛	–22	69	NM– 5	NM	56.9	0.21
USF&G/Dec	FG	n	49– 26	34– 27	28⅜	–9	81	NM– 5	23.7	15.6	0.51
USG/Dec	USG	n	56– 3	7– 3	4⅛	–35	58	21– 3	8.1	12.9	0.10

*Range is for less than period indicated. †Prices as originally reported adjusted for splits; stock performance includes value of special distributions. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
3.6%	$3.02	$3.02	$3.17	5%	15	average	$1.00	4.3%	33%	3%
def	–4.34	–4.34	–7.17	D-D	18	very low	1.00	1.1	NM	0
8.6	2.30	2.30	2.39	4	23	average	1.08	3.1	47	12
3.6	1.88	1.88	2.39	27	6	average	0.92	3.1	49	9
4.0	1.32	1.32	1.46	11	21	average	0.40	2.5	30	24
12.9	3.88	3.88	4.23	9	24	high	1.40	2.9	36	28
2.8	1.71	1.71	3.30	93	6	very low	0.60	2.8	35	NA
6.7	1.64	1.64	2.05	25	26	very high	none	NA	NA	NA
4.9	4.18	4.18	4.10	–2	24	average	1.92	4.9	46	6
3.8	3.10	3.10	2.66	–14	24	average	1.36	3.2	44	–13
3.4	4.07	4.07	3.72	–9	28	average	2.40	7.4	59	4
9.9	3.17	3.17	3.21	1	22	average	0.96	2.2	30	18
1.7	0.95	0.95	2.44	157	16	average	0.68	2.4	72	12
9.1	2.86	2.86	3.08	8	5	high	1.00	0.0	35	0
3.6	4.31	4.31	4.40	2	26	average	1.72	3.4	40	4
def	–3.55	–3.55	0.78	D-P	11	very low	none	NA	NA	NA
def	NA	NA	0.03	NM	2	NM	none	NA	NA	NA
0.1	0.54	0.54	1.45	169	2	NM	1.00	6.8	185	10
def	NA	NA	NA	NA	NA	NA	none	NA	NA	NA
12.9	3.55	3.55	3.14	–12	11	low	0.64	2.8	18	47
5.0	2.55	3.01E	3.63	21	7	average	0.32	0.7	13	11
3.5	1.59	1.55	1.61	4	11	average	0.04	0.1	3	25
3.3	14.96	14.96	10.82	–28	17	low	none	NA	NA	NA
9.7	2.62	2.62	2.81	7	14	high	1.16	6.8	44	13
8.4	4.10	4.10	4.49	10	5	very high	1.32	5.4	32	7
10.8	4.35	4.35	3.78	–13	19	average	1.48	4.2	34	7
6.6	4.07	4.07	3.16	–22	27	low	1.00	4.6	25	–8
14.2	2.61	2.61	2.68	3	16	high	2.08	7.8	80	3
9.2	5.62	5.62	5.88	5	21	high	2.32	3.4	41	6
def	–1.19	–1.19	1.61	D-P	9	low	0.48	5.2	NM	NA
17.6	1.49	1.49	0.97	–35	14	low	0.20	1.1	13	NA
def	–4.71	–4.71	1.35	D-P	27	low	1.00	6.5	NM	4
def	–1.14	–0.63E	–0.25	D-D	3	very low	none	NA	NA	NA
2.8	1.04	1.04	1.31	26	13	low	0.20	1.1	19	NA
9.8	2.89	2.89	3.15	9	7	high	0.80	2.7	28	9
9.0	3.05	3.05	3.54	16	25	high	1.00	3.4	33	14
2.1	1.14	1.49E	2.09	40	5	low	0.46	2.2	40	2
3.6	5.34	5.34	5.74	7	28	high	1.80	3.2	34	6
4.8	1.72	1.72	2.62	52	24	average	1.00	2.6	58	1
1.6	2.79	3.19	3.24	2	7	average	1.48	4.5	53	12
2.6	1.11	1.11	1.52	37	39	low	0.70	2.3	63	3
8.0	3.87	3.87	4.26	10	16	high	0.60	1.4	16	NA
6.1	0.95	0.95	2.39	152	34	high	1.00	2.5	105	24
11.5	6.02	6.02	6.24	4	25	very high	4.00	5.5	66	19
def	–1.73	–1.73	0.53	D-P	21	very low	0.12	0.4	NM	1
2.5	1.21	1.21	1.83	51	30	low	2.80	9.8	NM	6
1.3	0.51	0.51	0.32	–37	11	very low	none	NA	NA	NA

Sources: William O'Neil & Co., The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan via Lotus One Source; Forbes.

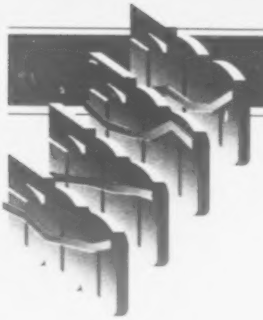
The Forbes 500s on Wall Street

			Stock price			Stock performance —latest 12 months—		Stock price ratios price/earnings			
Company fiscal year end	Ticker symbol	exch	5-year high-low	12-month high-low	recent	price change	relative to market	5-year high-low	latest 12 months	1990 est	price/ sales
USLife/Dec	USH	n	50– 27	48– 38	38	–3%	86%	13– 7	8.2	8.4	0.53
UST Inc/Dec	UST	n	31– 7	31– 23	26¾	11	99	19– 9	16.2	13.7	4.28
USX/Dec	X	n	40– 15	40– 30	35¼	16	103	NM– 9	10.0	12.5	0.51
Valhi/Dec	VHI	n	18– 1	18– 13	16¼	28	114	NM– 4	18.6	NA	0.84
Valley Bancorp/Dec	VYBN	o	28– 14	27– 23	24¼	–2	87	15– 8	9.7	8.7	0.92
Valley Federal S&L/Dec	VFED	o	22– ⅛	13– ⅛	¼	–93	6	NM– 4	NM	NA	0.01
Valley National/Dec	VNCP	o	50– 11	32– 11	13⅞	–48	46	NM– 7	NM	NM	0.23
VF/Dec	VFC	n	48– 15	38– 29	30¾	–7	83	19– 8	11.3	9.8	0.70
Viacom/Dec	VIA	a	65– 10*	65– 38	51⅞	35	120	NM– 14*	24.3	NM	1.92
Vista Chemical†/Sept	VC	n	56– 15*	56– 31	34¼	–20	71	NM– 4*	4.4	6.6	0.49
Vons Cos/Dec	VON	n	24– 4	24– 14	20½	40	125	NM– 16	NM	45.6	0.15
Vulcan Materials/Dec	VMC	n	49– 18	49– 41	45	5	93	17– 9	14.1	13.0	1.64
Waban/Jan	WBN	n	20– 7*	20– 7	8½	0	0	NA– NA*	8.4	10.2	0.12
Wal-Mart Stores/Jan	WMT	n	48– 11	48– 32	46½	46	130	47– 20	24.5	20.1	1.02
Walgreen/Aug	WAG	n	50– 23	50– 35	42¼	20	107	27– 13	16.5	14.6	0.47
Wang Laboratories/June	WANB	a	23– 4	9– 4	5½	–35	58	NM– 15	NM	NM	0.35
Warner-Lambert/Dec	WLA	n	119– 34	119– 80	103	29	115	NM– 12	16.9	14.5	1.66
Washington Mutual/Dec	WAMU	o	27– 5	27– 16	16¼	–2	87	21– 2	13.6	6.7	0.39
Washington National/Dec	WNT	n	38– 19	29– 23	22⅞	–17	74	NM– 10	26.0	11.0	0.30
Washington Post/Dec	WPO	n	311–102	311–210	258¼	23	109	27– 12	16.7	15.1	2.23
Washington Water/Dec	WWP	n	32– 20	31– 26	28⅝	9	97	17– 7	10.5	10.6	1.08
Waste Management/Dec	WMX	n	36– 6	36– 22	33½	54	137	35– 15	27.5	22.5	3.50
Weis Markets/Dec	WMK	n	42– 17	38– 28	30	3	92	26– 13	15.7	13.9	1.10
Wells Fargo/Dec	WFC	n	88– 26	88– 64	70¼	5	93	NM– 6	6.4	5.7	0.63
West One Bancorp/Dec	WEST	o	27– 14	27– 22	23½	5	93	NM– 8	8.6	7.8	0.68
Western Capital Inv/Dec	WECA	o	22– 6*	14– 6	6¼	–35	58	NM– 6*	NM	NM	0.19
Westinghouse/Dec	WX	n	78– 29	78– 52	74	41	125	15– 6	11.7	10.8	0.84
Westvaco/Oct	W	n	38– 16	33– 27	26¾	–5	85	22– 8	7.8	8.6	0.75
Wetterau/Mar	WETT	o	32– 13	32– 24	27⅝	15	102	18– 10	14.1	12.0	0.12
Weyerhaeuser/Dec	WY	n	40– 17	33– 23	25⅛	–2	87	29– 8	16.1	10.8	0.51
Wheelabrator Tech/Dec	WTI	n	43– 15	43– 27	33¾	14	102	37– 16	22.5	18.9	0.92
Wheeling-Pittsburgh/Dec	WHX	n	28– 6	17– 9	12	–4	85	NM– NM	0.5	NA	0.05
Whirlpool/Dec	WHR	n	42– 20	34– 26	30⅛	17	104	16– 8	11.2	10.5	0.34
Whitman/Dec	WH	n	38– 14	37– 24	26	–16	75	NM– 9	17.3	12.6	0.67
Whitney Holding/Dec	WNEY	o	64– 38	57– 38	43	–23	68	NM– 5	NM	NM	0.86
Willamette Inds/Dec	WMTT	o	64– 22	58– 41	54	22	109	18– 6	7.2	8.6	0.73
Williams Cos/Dec	WMB	n	45– 18	45– 30	31	3	92	NM– 16	26.5	16.9	0.74
Wilmington Trust/Dec	WILM	o	46– 13	46– 33	39¼	18	105	18– 8	11.5	10.0	1.80
Winn-Dixie Stores/June	WIN	n	65– 32	65– 45	60½	33	119	23– 12	16.4	16.1	0.25
Wisconsin Energy/Dec	WEC	n	32– 16	32– 25	28⅜	12	100	13– 7	9.9	9.7	1.29
Witco/Dec	WIT	n	47– 22	45– 32	34⅛	–6	84	21– 9	21.3	10.0	0.48
Woolworth/Jan	Z	n	72– 20	72– 48	63	30	116	17– 8	12.3	11.3	0.46
Wm Wrigley Jr/Dec	WWY	n	57– 10	57– 36	49⅛	36	121	22– 10	18.2	16.9	1.94
Xerox/Dec	XRX	n	85– 42	69– 50	55½	–6	84	21– 8	8.5	9.0	0.29
Yellow Freight Sys/Dec	YELL	o	43– 16	32– 23	26	–4	85	40– 9	40.0	12.4	0.34
Zenith Electronics/Dec	ZE	n	34– 8	21– 8	10	–46	48	NM– NM	NM	31.3	0.17
Zions Bancorporation/Dec	ZION	o	64– 19	33– 23	27¼	17	105	NM– 8	11.8	9.8	0.52

*Range is for less than period indicated. †Prices as originally reported adjusted for splits; stock performance includes value of special distributions. NA: Not available or applicable. NM: Not meaningful. E: Estimate. D-D: Deficit to deficit. D-P: Deficit to profit. def: Deficit. Stock prices as of Mar. 23, 1990.

Earnings							Dividends			
net profit margin	latest 12 months EPS	1989 EPS	estimated 1990 EPS	% change '90 vs '89 EPS	number of analysts	confidence factor on estimate	indicated rate	yield	payout ratio	5-year growth rate
6.7%	$4.63	$4.63	$4.55	–2%	17	high	$1.48	3.9%	32%	7%
28.4	1.63	1.63	1.93	18	19	high	1.10	4.2	67	22
5.5	3.53	3.53	2.83	–20	-27	low	1.40	4.0	40	5
4.5	0.90	0.90	NA	NA	NA	NA	0.30	1.8	33	NA
9.4	2.50	2.50	2.80	12	5	high	1.12	4.6	45	13
def	–12.63	NA	NA	NA	NA	NA	none	NA	NA	NA
def	–7.55	–7.55	0.18	D-P	18	very low	none	NA	NA	NA
6.9	2.72	2.72	3.13	15	13	very high	1.00	3.3	37	12
9.1	2.13	2.13	–1.00	P-D	2	NM	none	NA	NA	NA
13.6	7.83	8.56	5.26	–39	17	average	1.80	5.2	23	NA
def	–0.65	–0.65	0.45	D-P	3	low	none	NA	NA	NA
12.0	3.20	3.20	3.47	8	10	average	1.20	2.7	38	9
1.4	1.01	1.01	0.83	–18	14	low	none	NA	NA	NA
4.2	1.90	1.90	2.31	22	35	high	0.28	0.6	15	33
2.8	2.56	2.50	2.90	16	19	very high	0.80	1.9	31	11
def	–3.12	–2.59	–0.57	D-D	16	very low	none	NA	NA	NA
9.8	6.10	6.10	7.13	17	32	very high	3.04	3.0	50	16
3.0	1.23	1.23	2.49	102	10	average	0.40	2.4	33	51
1.2	0.87	0.87	2.06	137	5	average	1.08	4.8	124	0
13.7	15.50	15.50	17.09	10	15	high	4.00	1.5	26	32
12.2	2.70	2.70	2.69	0	6	high	2.48	8.7	92	0
12.6	1.22	1.22	1.49	22	35	very high	0.32	1.0	26	27
7.0	1.91	1.91	2.16	13	4	average	0.60	2.0	31	15
10.6	11.02	11.02	12.25	11	29	high	3.60	5.1	33	31
7.8	2.72	2.72	3.01	11	9	high	0.88	3.7	32	2
def	–9.98	–9.98	–0.70	D-D	2	NM	none	NA	NA	NA
7.2	6.31	6.31	6.88	9	24	high	2.40	3.2	38	19
9.5	3.41	3.45	3.13	–9	20	average	1.00	3.7	29	15
0.9	1.94	2.03E	2.29	13	5	high	0.60	2.2	31	4
3.4	1.56	1.56	2.32	49	22	average	1.20	4.8	77	11
3.9	1.50	1.50	1.79	19	10	high	none	NA	NA	NA
11.2	23.26	23.26	NA	NA	NA	NA	none	NA	NA	NA
3.0	2.70	2.70	2.86	6	12	average	1.10	3.7	41	3
4.8	1.50	1.50	2.07	38	21	average	1.02	3.9	68	9
def	–9.40	–9.40	–6.40	D-D	2	NM	2.56	6.0	NM	0
10.1	7.52	7.52	6.27	–17	12	average	1.60	3.0	21	11
3.1	1.17	1.17	1.83	56	22	low	1.40	4.5	120	0
15.7	3.40	3.40	3.92	15	7	very high	1.44	3.7	42	27
1.5	3.67	3.36	3.75	12	10	high	1.98	3.3	54	–5
13.0	2.88	2.88	2.94	2	24	high	1.66	5.8	58	7
2.2	1.60	1.60	3.42	114	9	average	1.72	5.0	108	17
3.7	5.11	5.11	5.60	10	24	very high	1.88	3.0	37	21
10.7	2.70	2.70	2.91	8	9	very high	1.48	3.0	55	24
4.0	6.56	6.56	6.19	–6	17	average	3.00	5.4	46	0
0.8	0.65	0.65	2.09	222	20	average	0.76	2.9	117	4
def	–2.56	–2.56	0.32	D-P	7	very low	none	NA	NA	NA
4.3	2.35	2.35	2.82	20	6	low	1.44	5.2	61	7

Sources: William O'Neil & Co.; The Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan (via Lotus One Source); Forbes.



Where to find The Forbes 500s

This section lists basic data on the 783 companies in the Forbes 500s. Address, telephone, industry group and chief executive are included.

Abbott Laboratories
One Abbott Park Road
Abbott Park, IL 60064-3500
708-937-6100
CEO: Duane L Burnham
Health-drugs

Aetna Life & Casualty
151 Farmington Avenue
Hartford, CT 06156
203-273-0123
CEO: James T Lynn
Insurance-diversified

HF Ahmanson
660 South Figueroa
Los Angeles, CA 90017
213-955-4200
CEO: Richard H Deihl
Financial services-thrift institutions

Air Products & Chemicals
7201 Hamilton Boulevard
Allentown, PA 18195-1501
215-481-4911
CEO: Dexter F Baker
Chemicals-specialized

Albertson's
PO Box 20
Boise, ID 83726
208-385-6200
CEO: Warren E McCain
Retailing-supermarkets & convenience

Alco Standard
PO Box 834
Valley Forge, PA 19482-0834
215-296-8000
CEO: Ray B Mundt
Business-supplies

Alexander & Alexander Services
1211 Avenue of the Americas
New York, NY 10036
212-840-8500
CEO: Tinsley H Irvin
Insurance-diversified

Alexander & Baldwin
PO Box 3440
Honolulu, HI 96801
808-525-6611
CEO: Robert J Pfeiffer
Transport-trucking & shipping

Allegheny Ludlum
1000 Six PPG Place
Pittsburgh, PA 15222-5479
412-394-2800
CEO: Richard P Simmons
Materials-steel

Allegheny Power System
320 Park Avenue
New York, NY 10022
212-752-2121
CEO: Klaus Bergman
Electric utilities-northeast

Allied-Signal
PO Box 4000R
Morristown, NJ 07962
201-455-2000
CEO: Edward L Hennessy Jr
Aerospace & defense
Consumer durables-automotive parts

Alltel
100 Executive Parkway
Hudson, OH 44236
216-650-7000
CEO: Joe T Ford
Computers & communications-telecommun

Aluminum Co of America
1501 Alcoa Building
Pittsburgh, PA 15219
412-553-4545
CEO: Paul H O'Neill
Materials-nonferrous metals

ALZA Corp
PO Box 10950
Palo Alto, CA 94303-0802
415-494-5000
CEO: Martin S Gerstel
Health-drugs

AMAX
200 Park Avenue
New York, NY 10166
212-856-4200
CEO: Allen Born
Materials-nonferrous metals

AmBase (formerly Home Group)
59 Maiden Lane
New York, NY 10038
212-530-6800
CEO: George T Scharffenberger
Insurance-property & casualty

Amdahl
PO Box 3470
Sunnyvale, CA 94088-3470
408-746-6000
CEO: John C Lewis
Computers & communications-hardware

Amerada Hess
1185 Avenue of the Americas
New York, NY 10036
212-997-8500
CEO: Leon Hess
Energy-other oil & gas

American Brands
PO Box 811
Old Greenwich, CT 06870-0811
203-698-5000
CEO: William J Alley
Food, drink & tobacco-tobacco

American Capital
1221 Brickell Avenue
Miami, FL 33131
305-536-1400
CEO: Jack D Burstein
Financial services-thrift institutions

American Cyanamid
One Cyanamid Plaza
Wayne, NJ 07470
201-831-2000
CEO: George J Sella Jr
Chemicals-diversified

American Electric Power
One Riverside Plaza
Columbus, OH 43215
614-223-1000
CEO: Willis S White Jr
Electric utilities-north central

American Express
American Express Tower
New York, NY 10285-4805
212-640-2000
CEO: James D Robinson III
Financial services-lease & finance

American Family
1932 Wynnton Road
Columbus, GA 31999
404-323-3431
CEO: John B Amos
Insurance-life & health

American General
PO Box 3247
Houston, TX 77253
713-522-1111
CEO: Harold S Hook
Insurance-diversified

American Greetings
10500 American Road
Cleveland, OH 44144
216-252-7300
CEO: Morry Weiss
Entertainment & information-publishing

American Home Products
685 Third Avenue
New York, NY 10017-4085
212-878-5000
CEO: John R Stafford
Health-drugs

American International Group
70 Pine Street
New York, NY 10270
212-770-7000
CEO: Maurice R Greenberg
Insurance-diversified

American National Insurance
One Moody Plaza
Galveston, TX 77550-7999
409-763-4661
CEO: Orson C Clay
Insurance-life & health

American Petrofina
8350 North Central Expressway
Dallas, TX 75206
214-750-2400
CEO: Ronald W Haddock
Energy-other oil & gas

American President Cos Ltd
1800 Harrison Street
Oakland, CA 94612
415-272-8000
CEO: W Bruce Seaton
Transport-trucking & shipping

American Savings Bank FSB
99 Church Street
White Plains, NY 10601
914-287-2600
CEO: William G Lillis
Financial services-thrift institutions

American Stores
PO Box 27447
Salt Lake City, UT 84127-0447
801-539-0112
CEO: Jonathan L Scott
Retailing-supermarkets & convenience

American Telephone & Telegraph
550 Madison Avenue
New York, NY 10022-3297
212-605-5500
CEO: Robert E Allen
Computers & communications-telecommun

AmeriFirst Bank
PO Box 026029
Miami, FL 33102-5029
305-387-6000
CEO: Alfred L Teti Jr
Financial services-thrift institutions

Ameritech
30 South Wacker Drive
Chicago, IL 60606
312-750-5000
CEO: William L Weiss
Computers & communications-telecommun

Ameritrust
PO Box 5937
Cleveland, OH 44101-0937
216-737-5000
CEO: Jerry V Jarrett
Financial services-regional banks

Ames Department Stores
2418 Main Street
Rocky Hill, CT 06067-0801
203-563-8234
CEO: Peter B Hollis
Retailing-drug & discount

Amoco
PO Box 87703
Chicago, IL 60680-0703
312-856-6111
CEO: Richard M Morrow
Energy-international oil

AMP
PO Box 3608
Harrisburg, PA 17105-3608
717-564-0100
CEO: Harold A McInnes
Computers & communications-hardware

AMR
PO Box 619616
DFW Airport, TX 75261-9616
817-967-1234
CEO: Robert L Crandall
Travel-airlines

AmSouth Bancorporation
PO Box 11007
Birmingham, AL 35288
205-320-7151
CEO: John W Woods
Financial services-regional banks

Anadarko Petroleum
PO Box 1330
Houston, TX 77251-1330
713-875-1101
CEO: Robert J Allison Jr
Energy-other oil & gas

Anchor Savings Bank FSB
1420 Broadway
Hewlett, NY 11557
516-596-3900
CEO: James M Large Jr
Financial services-thrift institutions

Anheuser-Busch Cos
One Busch Place
St Louis, MO 63118-1852
314-577-2000
CEO: August A Busch III
Food, drink & tobacco-beverages

Where to find The Forbes 500s

Aon
123 North Wacker Drive
Chicago, IL 60606
312-701-3000
CEO: Patrick G Ryan
Insurance-diversified

Apple Bancorp
205 East 42nd Street
New York, NY 10017
212-573-8000
CEO: Jerome R McDougal
Financial services-thrift institutions

Apple Computer
20525 Mariani Avenue
Cupertino, CA 95014
408-996-1010
CEO: John Sculley
Computers & communications-hardware

Archer Daniels Midland
PO Box 1470
Decatur, IL 62525
217-424-5200
CEO: Dwayne O Andreas
Food, drink & tobacco-food processors

Argonaut Group
1800 Avenue of the Stars
Los Angeles, CA 90067
213-553-0561
CEO: Charles E Rinsch
Insurance-property & casualty

Arkla
PO Box 21734
Shreveport, LA 71151
318-429-2700
CEO: Thomas F McLarty III
Energy-integrated gas

Armco
300 Interpace Parkway
Parsippany, NJ 07054-0324
201-316-5200
CEO: Robert L Purdum
Materials-steel

Armstrong World Industries
PO Box 3001
Lancaster, PA 17604
717-397-0611
CEO: William W Adams
Materials-other

Arvin Industries
PO Box 3000
Columbus, IN 47202-3000
812-379-3000
CEO: James K Baker
Consumer durables-automotive parts

Asarco
180 Maiden Lane
New York, NY 10038
212-510-2000
CEO: Richard de J Osborne
Materials-nonferrous metals

Ashland Oil
PO Box 391
Ashland, KY 41114
606-329-3333
CEO: John R Hall
Energy-other oil & gas

Atlantic Energy
PO Box 1264
Pleasantville, NJ 08232
609-645-4500
CEO: E Douglas Huggard
Electric utilities-northeast

Atlantic Richfield
515 South Flower Street
Los Angeles, CA 90071
213-486-3511
CEO: Lodwrick M Cook
Energy-other oil & gas

Autodesk
2320 Marinship Way
Sausalito, CA 94965
415-332-2344
CEO: Alvar J Green
Computers & communications-software

Automatic Data Processing
One ADP Boulevard
Roseland, NJ 07068-1728
201-994-5000
CEO: Josh S Weston
Computers & communications-software

Avery International
PO Box 7090
Pasadena, CA 91109-7090
818-304-2000
CEO: Charles D Miller
Business-supplies

Avnet
80 Cutter Mill Road
Great Neck, NY 11021
516-466-7000
CEO: Leon Machiz
Computers & communications-hardware

Avon Products
9 West 57th Street
New York, NY 10019
212-546-6015
CEO: James E Preston
Consumer nondurables-personal products

Baker Hughes
PO Box 4740
Houston, TX 77210-4740
713-439-8600
CEO: James D Woods
Energy-oilfield services

Bally Manufacturing
8700 West Bryn Mawr Avenue
Chicago, IL 60631
312-399-1300
CEO: Robert E Mullane Jr
Travel-hotels & gaming

Baltimore Bancorp
PO Box 896
Baltimore, MD 21203
301-244-3360
CEO: Harry L Robinson
Financial services-regional banks

Baltimore Gas & Electric
PO Box 1475
Baltimore, MD 21203
301-234-5000
CEO: George V McGowan
Electric utilities-northeast

Banc One
100 East Broad Street
Columbus, OH 43271-0251
614-248-5944
CEO: John B McCoy
Financial services-regional banks

Banco Popular de Puerto Rico
GPO Box 2708
San Juan, PR 00936-2708
809-765-9[illegible]00
CEO: Richard L Carrión
Financial services-regional banks

Bancorp Hawaii
PO Box 2900
Honolulu, HI 96846
808-537-8111
CEO: H Howard Stephenson
Financial services-regional banks

Bandag
Bandag Center
Muscatine, IA 52761-5886
319-262-1400
CEO: Martin G Carver
Consumer durables-automotive parts

Bank of Boston
100 Federal Street
Boston, MA 02110
617-434-2200
CEO: Ira Stepanian
Financial services-multinational banks

Bank of New England
28 State Street
Boston, MA 02109
617-742-4000
CEO: Lawrence K Fish
Financial services-regional banks

Bank of New York
48 Wall Street
New York, NY 10286
212-495-1784
CEO: John Carter Bacot
Financial services-regional banks

Bank South
PO Box 5092
Atlanta, GA 30302
404-529-4111
CEO: Robert P Guyton
Financial services-regional banks

Where to find The Forbes 500s

BankAmerica
Box 37000
San Francisco, CA 94137
415-622-3456
CEO: Richard M Rosenberg
Financial services-multinational banks

Bankers Trust New York
280 Park Avenue
New York, NY 10017
212-250-2500
CEO: Charles S Sanford Jr
Financial services-multinational banks

BanPonce
GPO Box G-3108
San Juan, PR 00936
809-754-9400
CEO: Alberto M Paracchini
Financial services-regional banks

Barnett Banks
PO Box 40789
Jacksonville, FL 32203-0789
904-791-7720
CEO: Charles E Rice
Financial services-regional banks

Bausch & Lomb
PO Box 54
Rochester, NY 14601-0054
716-338-6000
CEO: Daniel E Gill
Health-medical supplies

Baxter International
One Baxter Parkway
Deerfield, IL 60015
708-948-2000
CEO: Vernon R Loucks Jr
Health-medical supplies

Bay View Capital
2121 South El Camino Real
San Mateo, CA 94403-1897
415-573-7300
CEO: Robert E Barnes
Financial services-thrift institutions

BayBanks
175 Federal Street
Boston, MA 02110
617-482-1040
CEO: William M Crozier Jr
Financial services-regional banks

BB&T Financial
PO Box 1847
Wilson, NC 27894-1847
919-399-4291
CEO: John A Allison
Financial services-regional banks

Bear Stearns Cos
245 Park Avenue
New York, NY 10167
212-272-2000
CEO: Alan C Greenberg
Financial services-brokerage & commodity

Becton Dickinson
One Becton Drive
Franklin Lakes, NJ 07417-1880
201-848-6800
CEO: Raymond V Gilmartin
Health-medical supplies

Bell Atlantic
1600 Market Street
Philadelphia, PA 19103
215-963-6000
CEO: Raymond W Smith
Computers & communications-telecommun

BellSouth
1155 Peachtree Street NE
Atlanta, GA 30367-6000
404-249-2000
CEO: John L Clendenin
Computers & communications-telecommun

Beneficial Corp
300 Beneficial Center
Peapack, NJ 07977
201-781-3001
CEO: Finn M W Caspersen
Financial services-lease & finance

Bergen Brunswig
4000 Metropolitan Drive
Orange, CA 92668-3510
714-385-4000
CEO: Emil P Martini Jr
Health-drugs

Berkshire Hathaway
1440 Kiewit Plaza
Omaha, NE 68131
402-346-1400
CEO: Warren E Buffett
Insurance-property & casualty

Bethlehem Steel
Martin Tower
Bethlehem, PA 18016
215-694-2424
CEO: Walter F Williams
Materials-steel

Beverly Enterprises
70 South Lake Avenue
Pasadena, CA 91101
818-577-6111
CEO: David R Banks
Health-health care services

BHC Communications
600 Madison Avenue
New York, NY 10022
212-421-0200
CEO: Herbert J Siegel
Entertainment & information-broadcasting

Bindley Western Industries
4212 West 71st Street
Indianapolis, IN 46268
317-298-9900
CEO: William E Bindley
Health-drugs

Black & Decker
701 East Joppa Road
Towson, MD 21204
301-583-3900
CEO: Nolan D Archibald
Consumer durables-appliances

H&R Block
4410 Main Street
Kansas City, MO 64111
816-753-6900
CEO: Henry W Bloch
Financial services-lease & finance

Blockbuster Entertainment
901 East Las Olas Boulevard
Fort Lauderdale, FL 33301
305-524-8200
CEO: H Wayne Huizenga
Retailing-specialty

Boatmen's Bancshares
PO Box 236
St Louis, MO 63166-0236
314-554-7720
CEO: Andrew B Craig III
Financial services-regional banks

Boeing
PO Box 3707
Seattle, WA 98124-2207
206-655-1976
CEO: Frank A Shrontz
Aerospace & defense

Boise Cascade
One Jefferson Square
Boise, ID 83728-0001
208-384-6161
CEO: John B Fery
Forest products-paper & lumber

Borden
277 Park Avenue
New York, NY 10172
212-573-4000
CEO: Romeo J Ventres
Food, drink & tobacco-food processors

Boston Edison
800 Boylston Street
Boston, MA 02199
617-424-2000
CEO: Stephen J Sweeney
Electric utilities-northeast

Bowater
PO Box 4012
Darien, CT 06820-4012
203-656-7200
CEO: Anthony P Gammie
Forest products-paper & lumber

Bristol-Myers Squibb
345 Park Avenue
New York, NY 10154-0037
212-546-4000
CEO: Richard L Gelb
Health-drugs

Where to find The Forbes 500s

Broad
11601 Wilshire Boulevard
Los Angeles, CA 90025-1748
213-312-5000
CEO: Eli Broad
Insurance-life & health

Brown-Forman
PO Box 1080
Louisville, KY 40201
502-585-1100
CEO: W L Lyons Brown Jr
Food, drink & tobacco-beverages

Brown Group
PO Box 29
St Louis, MO 63166
314-854-4000
CEO: Bernard A Bridgewater Jr
Retailing-apparel

Browning-Ferris Industries
PO Box 3151
Houston, TX 77253
713-870-8100
CEO: William D Ruckelshaus
Business-industrial services

Bruno's
PO Box 2486
Birmingham, AL 35201-2486
205-940-9400
CEO: Angelo J Bruno
Retailing-supermarkets & convenience

Brunswick
One Brunswick Plaza
Skokie, IL 60077
708-470-4700
CEO: Jack F Reichert
Consumer nondurables-photography & toys

Burlington Northern
777 Main Street
Fort Worth, TX 76102
817-878-2000
CEO: Gerald Grinstein
Transport-railroads

Burlington Resources
999 Third Avenue
Seattle, WA 98104-4097
206-467-3838
CEO: Thomas H O'Leary
Energy-gas producers & pipeliners

Cabot
PO Box 9073
Waltham, MA 02254-9073
617-890-0200
CEO: Samuel W Bodman
Chemicals-specialized

CalFed
5700 Wilshire Boulevard
Los Angeles, CA 90036
213-932-4321
CEO: Jerry St Dennis
Financial services-thrift institutions

CalMat
3200 San Fernando Road
Los Angeles, CA 90065
213-258-2777
CEO: A Frederick Gerstell
Materials-cement & gypsum

Campbell Soup
Campbell Place
Camden, NJ 08103-1799
609-342-4800
CEO: David W Johnson
Food, drink & tobacco-food processors

Capital Cities/ABC
77 West 66th Street
New York, NY 10023-6298
212-456-7777
CEO: Thomas S Murphy
Entertainment & information-broadcasting

Capital Holding
PO Box 32830
Louisville, KY 40232
502-560-2000
CEO: Irving W Bailey II
Insurance-life & health

Carnival Cruise Lines
3655 Northwest 87th Avenue
Miami, FL 33178-2428
305-599-2600
CEO: Micky Arison
Travel-hotels & gaming

Carolina Power & Light
PO Box 1551
Raleigh, NC 27602
919-546-6111
CEO: Sherwood H Smith Jr
Electric utilities-southeast

Carter Hawley Hale Stores
444 South Flower Street
Los Angeles, CA 90071
213-620-0150
CEO: Philip M Hawley
Retailing-department stores

Castle & Cooke
10900 Wilshire Boulevard
Los Angeles, CA 90024
213-824-1500
CEO: David H Murdock
Food, drink & tobacco-food processors

Caterpillar
100 Northeast Adams Street
Peoria, IL 61629-7310
309-675-1000
CEO: Donald V Fites
Capital goods-heavy equipment

CBI Industries
800 Jorie Boulevard
Oak Brook, IL 60522-7001
708-572-7000
CEO: John E Jones
Construction-commercial builders

CBS
51 West 52nd Street
New York, NY 10019
212-975-4321
CEO: Laurence A Tisch
Entertainment & information-broadcasting

Cellular Communications
150 East 58th Street
New York, NY 10155
212-319-7014
CEO: William B Ginsberg
Computers & communications-telecommun

Centel
8725 Higgins Road
Chicago, IL 60631
312-399-2500
CEO: John P Frazee Jr
Computers & communications-telecommun

Centerior Energy
PO Box 94661
Cleveland, OH 44101-4661
216-447-3100
CEO: Richard A Miller
Electric utilities-north central

Centex
PO Box 19000
Dallas, TX 75219
214-559-6500
CEO: Laurence E Hirsch
Construction-commercial builders

Central & South West
PO Box 660164
Dallas, TX 75266-0164
214-754-1000
CEO: Merle L Borchelt
Electric utilities-south central

Central Bancshares of the South
701 South 20th Street
Birmingham, AL 35233
205-933-3000
CEO: Harry B Brock Jr
Financial services-regional banks

Central Fidelity Banks
PO Box 27602
Richmond, VA 23261
804-782-4000
CEO: Carroll L Saine
Financial services-regional banks

Champion International
One Champion Plaza
Stamford, CT 06921
203-358-7000
CEO: Andrew C Sigler
Forest products-paper & lumber

Chase Manhattan
One Chase Manhattan Plaza
New York, NY 10081
212-552-2222
CEO: Willard C Butcher
Financial services-multinational banks

Where to find The Forbes 500s

Chemical Banking
277 Park Avenue
New York, NY 10172
212-310-6161
CEO: Walter V Shipley
Financial services-multinational banks

Chevron
225 Bush Street
San Francisco, CA 94104-4289
415-894-7700
CEO: Kenneth T Derr
Energy-international oil

Chiquita Brands Intl (formerly United Brands)
250 East Fifth Street
Cincinnati, OH 45202
513-579-2115
CEO: Carl H Lindner
Food, drink & tobacco-food processors

Chrysler
12000 Chrysler Drive
Highland Park, MI 48288-1919
313-956-5741
CEO: Lee A Iacocca
Consumer durables-automobiles & trucks

Chubb
PO Box 1615
Warren, NJ 07061-1615
201-580-2000
CEO: Dean R O'Hare
Insurance-property & casualty

Cigna
One Liberty Place
Philadelphia, PA 19192-1550
215-523-4000
CEO: Wilson H Taylor
Insurance-diversified

Cincinnati Bell
PO Box 2301
Cincinnati, OH 45201
513-397-9900
CEO: Dwight H Hibbard
Computers & communications-telecommun

Cincinnati Financial
PO Box 145496
Cincinnati, OH 45250-5496
513-870-2000
CEO: John J Schiff
Insurance-diversified

Cincinnati Gas & Electric
PO Box 960
Cincinnati, OH 45201-0960
513-3 2000
CEO: ackson H Randolph
Electric utilities-north central

Circle K
PO Box 52084
Phoenix, AZ 85072-2084
602-253-9600
CEO: Karl Eller
Retailing-supermarkets & convenience

Circuit City Stores
2040 Thalbro Street
Richmond, VA 23230
804-257-4292
CEO: Richard L Sharp
Retailing-specialty

Circus Circus Enterprises
PO Box 14967
Las Vegas, NV 89114-4967
702-734-0410
CEO: William G Bennett
Travel-hotels & gaming

Citadel Holding
600 North Brand Boulevard
Glendale, CA 91203
818-956-7100
CEO: William C Walbrecher
Financial services-thrift institutions

Citicorp
399 Park Avenue
New York, NY 10043
212-559-1000
CEO: John S Reed
Financial services-multinational banks

Citizens & Southern
PO Box 4899
Atlanta, GA 30302-4899
404-581-2121
CEO: Bennett A Brown
Financial services-regional banks

Citizens First Bancorp
208 Harristown Road
Glen Rock, NJ 07452-0998
201-445-3400
CEO: Richard G Kelley
Financial services-regional banks

Citizens Savings Financial
999 Brickell Avenue
Miami, FL 33131
305-577-0400
CEO: Charles B Stuzin
Financial services-thrift institutions

Citizens Utilities
PO Box 3801
Stamford, CT 06905
203-329-8800
CEO: Ishier Jacobson
Computers & communications-telecommun

City National
400 North Roxbury Drive
Beverly Hills, CA 90210
213-550-5400
CEO: Bram Goldsmith
Financial services-regional banks

Clorox
1221 Broadway
Oakland, CA 94612
415-271-7000
CEO: Charles R Weaver
Consumer nondurables-personal products

CMS Energy
330 Town Center Drive
Dearborn, MI 48126
313-436-9200
CEO: William T McCormick Jr
Electric utilities-north central

Coast Savings Financial
1000 Wilshire Boulevard
Los Angeles, CA 90017-2457
213-688-2000
CEO: Ray Martin
Financial services-thrift institutions

Coastal Corp
Nine Greenway Plaza
Houston, TX 77046-0995
713-877-1400
CEO: James R Paul
Energy-gas producers & pipeliners

Coca-Cola
PO Drawer 1734
Atlanta, GA 30301
404-676-2121
CEO: Roberto C Goizueta
Food, drink & tobacco-beverages

Coca-Cola Enterprises
Coca-Cola Plaza NW
Atlanta, GA 30313-2499
404-676-2100
CEO: Brian G Dyson
Food, drink & tobacco-beverages

Colgate-Palmolive
300 Park Avenue
New York, NY 10022
212-310-2000
CEO: Reuben Mark
Consumer nondurables-personal products

Colorado National Bankshares
PO Box 5168
Denver, CO 80217
303-629-1968
CEO: Will F Nicholson Jr
Financial services-regional banks

Columbia Gas System
20 Montchanin Road
Wilmington, DE 19807
302-429-5000
CEO: John H Croom
Energy-integrated gas

Columbia Savings & Loan Association
8840 Wilshire Boulevard
Beverly Hills, CA 90211
213-657-6134
CEO: Edward G Harshfield
Financial services-thrift institutions

Comcast
1414 South Penn Square
Philadelphia, PA 19102-2480
215-665-1700
CEO: Ralph J Roberts
Entertainment & information-broadcasting

Where to find The Forbes 500s

Comdisco
6111 North River Road
Rosemont, IL 60018
708-698-3000
CEO: Kenneth N Pontikes
Business-supplies

Comerica
211 West Fort Street
Detroit, MI 48275
313-222-3300
CEO: Eugene A Miller
Financial services-regional banks

Commerce Bancshares
PO Box 13686
Kansas City, MO 64199-3686
816-234-2000
CEO: David W Kemper
Financial services-regional banks

Commercial Federal
2120 South 72nd Street
Omaha, NE 68124
402-554-9200
CEO: William A Fitzgerald
Financial services-thrift institutions

Commonwealth Edison
PO Box 767
Chicago, IL 60690-0767
312-294-4321
CEO: James J O'Connor
Electric utilities-north central

Community Psychiatric Centers
24502 Pacific Park Drive
Laguna Hills, CA 92656
714-831-1166
CEO: James W Conte
Health-health care services

Compaq Computer
PO Box 692000
Houston, TX 77069-2000
713-370-0670
CEO: Joseph R Canion
Computers & communications-hardware

Computer Associates International
711 Stewart Avenue
Garden City, NY 11530-4787
516-227-3300
CEO: Charles B Wang
Computers & communications-software

Computer Sciences
2100 East Grand Avenue
El Segundo, CA 90245
213-615-0311
CEO: William R Hoover
Computers & communications-software

ConAgra
One Central Park Plaza
Omaha, NE 68102
402-978-4000
CEO: Charles M Harper
Food, drink & tobacco-food processors

Conseco
11825 N Pennsylvania Street
Carmel, IN 46032
317-573-6100
CEO: Stephen C Hilbert
Insurance-life & health

Consolidated Edison
4 Irving Place
New York, NY 10003
212-460-4600
CEO: Arthur Hauspurg
Electric utilities-northeast

Consolidated Freightways
175 Linfield Drive
Menlo Park, CA 94025
415-326-1700
CEO: Lary R Scott
Transport-trucking & shipping

Consolidated Natural Gas
CNG Tower
Pittsburgh, PA 15222-3199
412-227-1000
CEO: George A Davidson Jr
Energy-integrated gas

Consolidated Papers
PO Box 8050
Wisconsin Rapids, WI 54495-8050
715-422-3111
CEO: George W Mead
Forest products-paper & lumber

Consolidated Rail
Six Penn Center Plaza
Philadelphia, PA 19103-2959
215-977-4000
CEO: James A Hagen
Transport-railroads

Contel
PO Box 105194
Atlanta, GA 30348
404-391-8000
CEO: Donald W Weber
Computers & communications-telecommun

Continental Bank
231 South LaSalle Street
Chicago, IL 60697
312-828-2345
CEO: Thomas C Theobald
Financial services-multinational banks

Continental Corp
180 Maiden Lane
New York, NY 10038
212-440-3980
CEO: John P Mascotte
Insurance-property & casualty

Control Data
PO Box 0
Minneapolis, MN 55440-4700
612-853-8100
CEO: Lawrence Perlman
Computers & communications-hardware

Cooper Industries
PO Box 4446
Houston, TX 77210
713-739-5400
CEO: Robert Cizik
Capital goods-heavy equipment

Adolph Coors
Golden, CO 80401
303-279-6565
CEO: William K Coors
Food, drink & tobacco-beverages

CoreStates Financial
PO Box 7618
Philadelphia, PA 19101-7618
215-973-3100
CEO: Terrence A Larsen
Financial services-regional banks

Corning
Houghton Park
Corning, NY 14831
607-974-9000
CEO: James R Houghton
Health-medical supplies

Costco Wholesale
PO Box 97077
Kirkland, WA 98083-9777
206-828-8100
CEO: James D Sinegal
Retailing-specialty

CPC International
PO Box 8000
Englewood Cliffs, NJ 07632
201-894-4000
CEO: James R Eiszner
Food, drink & tobacco-food processors

Crane
757 Third Avenue
New York, NY 10017
212-415-7300
CEO: Robert S Evans
Capital goods-heavy equipment

Cray Research
608 Second Avenue South
Minneapolis, MN 55402
612-333-5889
CEO: John A Rollwagen
Computers & communications-hardware

Crestar Financial
PO Box 26665
Richmond, VA 23261-6665
804-782-5000
CEO: Richard G Tilghman
Financial services-regional banks

CrossLand Savings FSB
211 Montague Street
Brooklyn, NY 11201
718-780-0400
CEO: Maurice L Reissman
Financial services-thrift institutions

Where to find The Forbes 500s

Crown Cork & Seal
PO Box 6208
Philadelphia, PA 19136
215-698-5100
CEO: William J Avery
Forest products-packaging

CSX
PO Box C-32222
Richmond, VA 23261
804-782-1400
CEO: John W Snow
Transport-railroads

Cullen/Frost Bankers
PO Box 1600
San Antonio, TX 78296
512-220-4011
CEO: Thomas C Frost
Financial services-regional banks

Cummins Engine
Box 3005
Columbus, IN 47202-3005
812-377-5000
CEO: Henry B Schacht
Consumer durables-automotive parts

Cyprus Minerals
PO Box 3299
Englewood, CO 80155
303-643-5000
CEO: Kenneth J Barr
Materials-nonferrous metals
Energy-coal & other

Dana
PO Box 1000
Toledo, OH 43697
419-535-4500
CEO: Southwood J Morcott
Consumer durables-automotive parts

Dauphin Deposit
213 Market Street
Harrisburg, PA 17101
717-255-2121
CEO: William J King
Financial services-regional banks

Dayton Hudson
777 Nicollet Mall
Minneapolis, MN 55402
612-370-6948
CEO: Kenneth A Macke
Retailing-drug & discount

DCNY Corp
58 Pine Street
New York, NY 10005
212-248-8900
CEO: Edward J Sawicz
Financial services-lease & finance

Dean Foods
3600 North River Road
Franklin Park, IL 60131
312-625-6200
CEO: Howard M Dean
Food, drink & tobacco-food processors

Deere & Co
John Deere Road
Moline, IL 61265-8098
309-765-8000
CEO: Hans W Becherer
Capital goods-heavy equipment

Delmarva Power & Light
PO Box 231
Wilmington, DE 19899
302-429-3011
CEO: Nevius M Curtis
Electric utilities-northeast

Delta Air Lines
Hartsfield Atlanta Airport
Atlanta, GA 30320
404-765-2600
CEO: Ronald W Allen
Travel-airlines

Deluxe
PO Box 64399
St Paul, MN 55164-0399
612-483-7111
CEO: Harold V Haverty
Business-supplies

Deposit Guaranty
PO Box 730
Jackson, MS 39205-0730
601-354-8564
CEO: Emerson B Robinson Jr
Financial services-regional banks

Detroit Edison
2000 Second Avenue
Detroit, MI 48226
313-237-8000
CEO: John E Lobbia
Electric utilities-north central

Diamond Shamrock
PO Box 696000
San Antonio, TX 78269-6000
512-641-6800
CEO: Roger R Hemminghaus
Energy-other oil & gas

Digital Equipment
146 Main Street
Maynard, MA 01754-2571
508-493-5111
CEO: Kenneth H Olsen
Computers & communications-hardware

Dillard Department Stores
PO Box 486
Little Rock, AR 72203
501-376-5200
CEO: William T Dillard Sr
Retailing-department stores

Dime Savings Bank of New York FSB
589 Fifth Avenue
New York, NY 10017
212-326-6100
CEO: Harry W Albright Jr
Financial services-thrift institutions

Walt Disney
500 South Buena Vista Street
Burbank, CA 91521
818-560-1000
CEO: Michael D Eisner
Entertainment & information-movies

Dominion Bankshares
PO Box 13327
Roanoke, VA 24040
703-563-7000
CEO: Warner N Dalhouse
Financial services-regional banks

Dominion Resources
PO Box 26532
Richmond, VA 23261
804-775-5700
CEO: William W Berry
Electric utilities-southeast

RR Donnelley & Sons
2223 Martin Luther King Drive
Chicago, IL 60616-1471
312-326-8000
CEO: John R Walter
Entertainment & information-publishing

Dover
280 Park Avenue
New York, NY 10017
212-922-1640
CEO: Gary L Roubos
Capital goods-heavy equipment

Dow Chemical
2030 Willard H Dow Center
Midland, MI 48674
517-636-1000
CEO: Frank P Popoff
Chemicals-diversified

Dow Jones
200 Liberty Street
New York, NY 10281
212-416-2000
CEO: Warren H Phillips
Entertainment & information-publishing

Downey Savings & Loan Assn
PO Box 6000
Newport Beach, CA 92658-6000
714-854-3100
CEO: Gerald H McQuarrie
Financial services-thrift institutions

DPL
Courthouse Plaza Southwest
Dayton, OH 45402
513-224-6000
CEO: Peter H Forster
Electric utilities-north central

DQE (formerly Duquesne Light)
One Oxford Centre
Pittsburgh, PA 15279
412-393-6000
CEO: Wesley W von Schack
Electric utilities-north central

Where to find The Forbes 500s

Dresser Industries
PO Box 718
Dallas, TX 75221
214-740-6000
CEO: John J Murphy
Energy-oilfield services

Dreyfus
200 Park Avenue
New York, NY 10166
212-922-6000
CEO: Howard Stein
Financial services-lease & finance

EI du Pont de Nemours
1007 Market Street
Wilmington, DE 19898
302-774-1000
CEO: Edgar S Woolard Jr
Chemicals-diversified
Energy-international oil

Duke Power
PO Box 33189
Charlotte, NC 28242
704-373-4011
CEO: William S Lee
Electric utilities-southeast

Dun & Bradstreet
299 Park Avenue
New York, NY 10171
212-593-6800
CEO: Charles W Moritz
Entertainment & information-publishing

E-Systems
PO Box 660248
Dallas, TX 75266-0248
214-661-1000
CEO: Edwin G Keiffer
Aerospace & defense

Eastman Kodak
343 State Street
Rochester, NY 14650-0532
716-724-4000
CEO: Kay R Whitmore
Consumer nondurables-photography & toys

Eaton
Eaton Center
Cleveland, OH 44114-2584
216-523-5000
CEO: James R Stover
Consumer durables-automotive parts

EG&G
45 William Street
Wellesley, MA 02181
617-237-5100
CEO: John M Kucharski
Computers & communications-hardware

Emerson Electric
PO Box 4100
St Louis, MO 63136
314-553-2000
CEO: Charles F Knight
Capital goods-electrical equipment

Engelhard
Menlo Park CN-40
Edison, NJ 08818
201-632-6000
CEO: Orin R Smith
Materials-nonferrous metals

Enron
PO Box 1188
Houston, TX 77251-1188
713-853-6161
CEO: Kenneth L Lay
Energy-gas producers & pipeliners

Enserch
300 South St Paul Street
Dallas, TX 75201
214-651-8700
CEO: William C McCord
Energy-integrated gas

Enstar Group (formerly Kinder-Care)
2400 Presidents Drive
Montgomery, AL 36116
205-270-7100
CEO: Richard J Grassgreen
Financial services-thrift institutions

Entergy (formerly Middle South Utilities)
PO Box 61005
New Orleans, LA 70161
504-529-5262
CEO: Edwin Lupberger
Electric utilities-south central

Equimark
Two Oliver Plaza
Pittsburgh, PA 15222
412-288-5000
CEO: Alan S Fellheimer
Financial services-regional banks

Equitable of Iowa Cos
PO Box 9107
Des Moines, IA 50306
515-282-1335
CEO: Frederick S Hubbell
Retailing-department stores

Ethyl
PO Box 2189
Richmond, VA 23217
804-788-5000
CEO: Floyd D Gottwald Jr
Chemicals-specialized

Exxon
1251 Avenue of the Americas
New York, NY 10020-1198
212-333-1000
CEO: Lawrence G Rawl
Energy-international oil

Farm & Home Financial
PO Box 1893
Nevada, MO 64772
417-667-3333
CEO: Daniel C Arnold
Financial services-thrift institutions

FarWest Financial
4001 MacArthur Boulevard
Newport Beach, CA 92660
714-833-8383
CEO: Fred Kayne
Financial services-thrift institutions

Federal Express
PO Box 727
Memphis, TN 38194
901-369-3600
CEO: Frederick W Smith
Travel-airlines

Federal National Mortgage Assn
3900 Wisconsin Avenue NW
Washington, DC 20016-2899
202-752-7000
CEO: David O Maxwell
Financial services-lease & finance

Federal Paper Board
75 Chestnut Ridge Road
Montvale, NJ 07645
201-391-1776
CEO: John R Kennedy
Forest products-paper & lumber

Fifth Third Bancorp
38 Fountain Square Plaza
Cincinnati, OH 45263
513-579-5300
CEO: Clement L Buenger
Financial services-regional banks

Financial Corp of Santa Barbara
PO Box 1109
Santa Barbara, CA 93102-1109
805-682-2300
CEO: Philip R Brinkerhoff
Financial services-thrift institutions

First Alabama Bancshares
PO Box 1448
Montgomery, AL 36102
205-832-8011
CEO: Willard L Hurley
Financial services-regional banks

First American Corp
First American Center
Nashville, TN 37237
615-748-2000
CEO: Kenneth L Roberts
Financial services-regional banks

First Bancorporation of Ohio
106 South Main Street
Akron, OH 44308-1444
216-384-8000
CEO: Howard L Flood
Financial services-regional banks

First Bank System
PO Box 522
Minneapolis, MN 55480
612-370-5100
CEO: John F Grundhofer
Financial services-regional banks

Where to find The Forbes 500s

First Capital Holdings
1900 Avenue of the Stars
Los Angeles, CA 90067
213-551-1000
CEO: Robert I Weingarten
Insurance-life & health

First Chicago
One First National Plaza
Chicago, IL 60670
312-732-4000
CEO: Barry F Sullivan
Financial services-multinational banks

First Citizens BancShares
PO Box 151
Raleigh, NC 27602
919-755-7000
CEO: Lewis R Holding
Financial services-regional banks

First City Bancorp of Texas
1001 Main Street
Houston, TX 77002
713-658-6011
CEO: A Robert Abboud
Financial services-regional banks

First Commerce
PO Box 60279
New Orleans, LA 70160-0279
504-561-1371
CEO: Ian Arnot
Financial services-regional banks

First Empire State
One M&T Plaza
Buffalo, NY 14240
716-842-5445
CEO: Robert G Wilmers
Financial services-regional banks

First Executive
PO Box 6090
Inglewood, CA 90312-6090
213-312-1000
CEO: Fred Carr
Insurance-life & health

First Fidelity Bancorp
1009 Lenox Drive
Lawrenceville, NJ 08648-0980
201-565-3200
CEO: Anthony P Terracciano
Financial services-regional banks

First Financial Management
3 Corporate Square
Atlanta, GA 30329
404-321-0120
CEO: Patrick H Thomas
Computers & communications-software

First Florida Banks
PO Box 31265
Tampa, FL 33631-3265
813-224-1111
CEO: A Bronson Thayer
Financial services-regional banks

First Hawaiian
PO Box 3200
Honolulu, HI 96847
808-525-7000
CEO: Walter A Dods Jr
Financial services-regional banks

First Interstate Bancorp
PO Box 54068
Los Angeles, CA 90054
213-614-3001
CEO: Edward M Carson
Financial services-regional banks

First of America Bank
108 East Michigan Avenue
Kalamazoo, MI 49007
616-383-9000
CEO: Daniel R Smith
Financial services-regional banks

First Security
PO Box 30006
Salt Lake City, UT 84130
801-350-6000
CEO: Spencer F Eccles
Financial services-regional banks

First Tennessee National
PO Box 84
Memphis, TN 38101
901-523-4444
CEO: Ronald Terry
Financial services-regional banks

First Union
One First Union Center
Charlotte, NC 28288-0570
704-374-6565
CEO: Edward E Crutchfield Jr
Financial services-regional banks

First Virginia Banks
6400 Arlington Boulevard
Falls Church, VA 22042
703-241-4000
CEO: Robert H Zalokar
Financial services-regional banks

First Wachovia
PO Box 3099
Winston-Salem, NC 27150
919-770-5000
CEO: John G Medlin Jr
Financial services-regional banks

Firstar
PO Box 532
Milwaukee, WI 53201
414-765-4321
CEO: John H Hendee Jr
Financial services-regional banks

FirstFed Michigan
1001 Woodward Avenue
Detroit, MI 48226
313-965-1400
CEO: Carlos G Harling
Financial services-thrift institutions

FirsTier Financial
Farnam at Seventeenth
Omaha, NE 68102-2183
402-348-6000
CEO: David A Rismiller
Financial services-regional banks

Fleet/Norstar Financial
50 Kennedy Plaza
Providence, RI 02903
401-278-5800
CEO: J Terrence Murray
Financial services-regional banks

Fleetwood Enterprises
PO Box 7638
Riverside, CA 92523
714-351-3500
CEO: John C Crean
Consumer durables-automobiles & trucks

Fleming Cos
PO Box 26647
Oklahoma City, OK 73126-0647
405-840-7200
CEO: E Dean Werries
Food, drink & tobacco-food distributors

FlightSafety International
Marine Air Terminal-La Guardia
Flushing, NY 11371-1061
718-565-4100
CEO: Albert L Ueltschi
Business-services

Florida Federal Savings Bank
PO Box 1509
St Petersburg, FL 33731
813-893-1131
CEO: John W Sapanski
Financial services-thrift institutions

Florida Progress
PO Box 33042
St Petersburg, FL 33733
813-894-8141
CEO: Jack B Critchfield
Electric utilities-southeast

Fluor
3333 Michelson Drive
Irvine, CA 92730
714-975-2000
CEO: Leslie G McCraw
Construction-commercial builders

FMC
200 East Randolph Drive
Chicago, IL 60601
312-861-6000
CEO: Robert H Malott
Chemicals-diversified

Food Lion
PO Box 1330
Salisbury, NC 28145-1330
704-633-8250
CEO: Tom E Smith
Retailing-supermarkets & convenience

Where to find The Forbes 500s

Ford Motor
PO Box 1899
Dearborn, MI 48121
313-322-3000
CEO: Harold A Poling
Consumer durables-automobiles & trucks

Fortune Financial Group
PO Box 6100
Clearwater, FL 34618-6100
813-538-1000
CEO: John A Moran
Financial services-thrift institutions

Fourth Financial
PO Box 4
Wichita, KS 67201-0004
316-261-4444
CEO: Jordan L Haines
Financial services-regional banks

FPL Group
PO Box 088801
North Palm Beach, FL 33408-8801
407-694-6300
CEO: James L Broadhead
Electric utilities-southeast

Franklin Resources
777 Mariners Island Boulevard
San Mateo, CA 94404
415-570-3000
CEO: Charles B Johnson
Financial services-lease & finance

Freeport-McMoRan
PO Box 61119
New Orleans, LA 70161
504-582-4000
CEO: James R Moffett
Chemicals-specialized

Fruit of the Loom
233 South Wacker Drive
Chicago, IL 60606
312-876-1724
CEO: William Farley
Consumer nondurables-apparel & shoes

Fund American Cos (formerly Fireman's Fund)
666 Steamboat Road
Greenwich, CT 06830
203-625-5300
CEO: John J Byrne
Insurance-property & casualty

Gannett
1100 Wilson Boulevard
Arlington, VA 22234
703-284-6000
CEO: John J Curley
Entertainment & information-publishing

Gap
One Harrison Street
San Francisco, CA 94105
415-952-4400
CEO: Donald G Fisher
Retailing-apparel

GATX
120 South Riverside Plaza
Chicago, IL 60606-3998
312-621-6200
CEO: James J Glasser
Financial services-lease & finance

Geico
Geico Plaza
Washington, DC 20076
301-986-3000
CEO: William B Snyder
Insurance-property & casualty

GenCorp
175 Ghent Road
Fairlawn, OH 44313-3300
216-869-4200
CEO: A William Reynolds
Aerospace & defense

Genentech
460 Point San Bruno Boulevard
South San Francisco, CA 94080
415-266-1000
CEO: G Kirk Raab
Health-drugs

General Cinema
27 Boylston Street
Chestnut Hill, MA 02167
617-232-8200
CEO: Richard A Smith
Retailing-department stores

General Dynamics
Pierre Laclede Center
St Louis, MO 83105-1861
314-889-8200
CEO: William A Anders
Aerospace & defense

General Electric
3135 Easton Turnpike
Fairfield, CT 06431
203-373-2211
CEO: John F Welch Jr
Aerospace & defense
Capital goods-electrical equipment

General Instrument
767 Fifth Avenue
New York, NY 10153-0082
212-207-6200
CEO: Frank G Hickey
Computers & communications-hardware

General Mills
PO Box 1113
Minneapolis, MN 55440
612-540-2311
CEO: H Brewster Atwater Jr
Food, drink & tobacco-food processors

General Motors
3044 West Grand Boulevard
Detroit, MI 48202
313-556-5000
CEO: Roger B Smith
Consumer durables-automobiles & trucks

General Public Utilities
100 Interpace Parkway
Parsippany, NJ 07054-1149
201-263-6500
CEO: Standley H Hoch
Electric utilities-northeast

General Re
PO Box 10351
Stamford, CT 06904-2351
203-328-5000
CEO: Ronald E Ferguson
Insurance-diversified

General Signal
PO Box 10010
Stamford, CT 06904
203-357-8800
CEO: Edmund M Carpenter
Capital goods-heavy equipment

Genuine Parts
2999 Circle 75 Parkway
Atlanta, GA 30339
404-953-1700
CEO: Larry L Prince
Consumer durables-automotive parts

Georgia Gulf
PO Box 105197
Atlanta, GA 30348
404-395-4500
CEO: James R Kuse
Chemicals-specialized

Georgia-Pacific
133 Peachtree Street NE
Atlanta, GA 30303
404-521-4000
CEO: T Marshall Hahn Jr
Forest products-paper & lumber

Gerber Products
445 State Street
Fremont, MI 49413
616-928-2000
CEO: Alfred A Piergallini
Food, drink & tobacco-food processors

Giant Food
PO Box 1804
Washington, DC 20013
301-341-4100
CEO: Israel Cohen
Retailing-supermarkets & convenience

Gillette
Prudential Tower Building
Boston, MA 02199
617-421-7000
CEO: Colman M Mockler Jr
Consumer nondurables-personal products

PH Glatfelter
228 South Main Street
Spring Grove, PA 17362-0500
717-225-4711
CEO: Thomas C Norris
Forest products-paper & lumber

Where to find The Forbes 500s

GlenFed
PO Box 1709
Glendale, CA 91209
818-500-2000
CEO: Norman M Coulson
Financial services-thrift institutions

Golden West Financial
1901 Harrison Street
Oakland, CA 94612
415-446-3420
CEO: Herbert M Sandler
Financial services-thrift institutions

Goldome
One Fountain Plaza
Buffalo, NY 14203-1499
716-847-5800
CEO: Thomas A Cooper
Financial services-thrift institutions

BF Goodrich
3925 Embassy Parkway
Akron, OH 44313-1799
216-374-2000
CEO: John D Ong
Chemicals-diversified

Goodyear Tire & Rubber
1144 East Market Street
Akron, OH 44316-0001
216-796-2121
CEO: Tom H Barrett
Consumer durables-automotive parts

WR Grace
1114 Avenue of the Americas
New York, NY 10036-7794
212-819-5500
CEO: J Peter Grace
Chemicals-specialized

WW Grainger
5500 West Howard Street
Skokie, IL 60077
708-982-9000
CEO: David W Grainger
Capital goods-electrical equipment

Great American Bank SSB
600 B Street
San Diego, CA 92183
619-231-1885
CEO: Gordon C Luce
Financial services-thrift institutions

Great American Management & Investment
Two North Riverside Plaza
Chicago, IL 60606
312-648-5656
CEO: Samuel Zell
Chemicals-specialized

Great Atlantic & Pacific Tea
2 Paragon Drive
Montvale, NJ 07645
201-573-9700
CEO: James Wood
Retailing-supermarkets & convenience

Great Lakes Bancorp FSB
One Great Lakes Plaza
Ann Arbor, MI 48107-8600
313-769-8300
CEO: Roy E Weber
Financial services-thrift institutions

Great Lakes Chemical
PO Box 2200
West Lafayette, IN 47906
317-497-6100
CEO: Emerson Kampen
Chemicals-specialized

Great Western Financial
8484 Wilshire Boulevard
Beverly Hills, CA 90211
213-852-3411
CEO: James F Montgomery
Financial services-thrift institutions

Greater New York Savings Bank
One Penn Plaza
New York, NY 10119
212-613-4000
CEO: Charles J Ohlig
Financial services-thrift institutions

Greyhound Dial
Greyhound Tower
Phoenix, AZ 85077
602-248-4000
CEO: John W Teets
Consumer nondurables-personal products

Grumman
1111 Stewart Avenue
Bethpage, NY 11714-3580
516-575-0574
CEO: John O'Brien
Aerospace & defense

GTE
One Stamford Forum
Stamford, CT 06904
203-965-2000
CEO: James L Johnson
Computers & communications-telecommun

Gulf States Utilities
PO Box 2951
Beaumont, TX 77704
409-838-6631
CEO: E Linn Draper Jr
Electric utilities-south central

Halliburton
500 North Akard Street
Dallas, TX 75201-3391
214-978-2600
CEO: Thomas H Cruikshank
Energy-oilfield services

MA Hanna
1301 East 9th Street
Cleveland, OH 44114-1824
216-589-4000
CEO: Martin D Walker
Chemicals-specialized

Hannaford Bros
145 Pleasant Hill Road
Scarborough, ME 04074
207-883-2911
CEO: James L Moody Jr
Retailing-supermarkets & convenience

Hanover Insurance Cos
100 North Parkway
Worcester, MA 01605-1396
508-853-7200
CEO: William J O'Brien
Insurance-property & casualty

Harcourt Brace Jovanovich
Orlando, FL 32887
407-345-2000
CEO: Peter W Jovanovich
Entertainment & information-publishing

Harnischfeger Industries
PO Box 554
Milwaukee, WI 53201
414-671-4400
CEO: William W Goessel
Capital goods-heavy equipment

Harris Corp
1025 West Nasa Boulevard
Melbourne, FL 32919
407-727-9100
CEO: John T Hartley
Computers & communications-hardware

Hartford Steam Boiler Inspection & Ins
One State Street
Hartford, CT 06102-3001
203-722-1866
CEO: Wilson Wilde
Insurance-property & casualty

Hasbro
PO Box 1059
Pawtucket, RI 02862-1059
401-431-8697
CEO: Alan G Hassenfeld
Consumer nondurables-photography & toys

Hawaiian Electric Industries
PO Box 730
Honolulu, HI 96808-0730
808-543-5662
CEO: C Dudley Pratt Jr
Electric utilities-western

HJ Heinz
PO Box 57
Pittsburgh, PA 15230-0057
412-456-5700
CEO: Anthony J F O'Reilly
Food, drink & tobacco-food processors

Henley Group
Liberty Lane
Hampton, NH 03842
603-926-5911
CEO: Michael D Dingman
Health-medical supplies

Where to find The Forbes 500s

Hercules
Hercules Plaza
Wilmington, DE 19894
302-594-5000
CEO: David S Hollingsworth
Chemicals-diversified

Hershey Foods
PO Box 810
Hershey, PA 17033-0810
717-534-4001
CEO: Richard A Zimmerman
Food, drink & tobacco-food processors

Hewlett-Packard
3000 Hanover Street
Palo Alto, CA 94304
415-857-1501
CEO: John A Young
Computers & communications-hardware

Hibernia
PO Box 61540
New Orleans, LA 70161
504-586-5552
CEO: Martin C Miler
Financial services-regional banks

Hillenbrand Industries
Highway 46
Batesville, IN 47006
812-934-7000
CEO: W August Hillenbrand
Health-medical supplies

Hills Department Stores
15 Dan Road
Canton, MA 02021-9128
617-821-1000
CEO: Stephen A Goldberger
Retailing-drug & discount

Hilton Hotels
PO Box 5567
Beverly Hills, CA 90209-5567
213-278-4321
CEO: Barron Hilton
Travel-hotels & gaming

Home Depot
2727 Paces Ferry Road
Atlanta, GA 30339
404-433-8211
CEO: Bernard Marcus
Retailing-specialty

HomeFed
707 Broadway
San Diego, CA 92101
619-699-8000
CEO: Robert F Adelizzi
Financial services-thrift institutions

Homestake Mining
650 California Street
San Francisco, CA 94108-2788
415-981-8150
CEO: Harry M Conger
Materials-nonferrous metals

Homestead Financial
979 Broadway
Millbrae, CA 94030
415-692-9940
CEO: Lawrence Weissberg
Financial services-thrift institutions

Honeywell
PO Box 524
Minneapolis, MN 55440
612-870-5200
CEO: James J Renier
Capital goods-electrical equipment

Geo A Hormel
PO Box 800
Austin, MN 55912
507-437-5611
CEO: Richard L Knowlton
Food, drink & tobacco-food processors

Household International
2700 Sanders Road
Prospect Heights, IL 60070
708-564-5000
CEO: Donald C Clark
Financial services-lease & finance

Houston Industries
PO Box 4567
Houston, TX 77210
713-629-3000
CEO: Don D Jordan
Electric utilities-south central

Howard Savings Bank
200 South Orange Avenue
Livingston, NJ 07039
201-533-7400
CEO: Leo J Rodgers Jr
Financial services-thrift institutions

Hubbell
PO Box 549
Orange, CT 06477-4024
203-799-4100
CEO: G J Ratcliffe
Capital goods-electrical equipment

Humana
PO Box 1438
Louisville, KY 40201-1438
502-580-1000
CEO: David A Jones
Health-health care services

Huntington Bancshares
Huntington Center
Columbus, OH 43287
614-476-8300
CEO: Frank Wobst
Financial services-regional banks

ICH
4211 Norbourne Boulevard
Louisville, KY 40207
502-897-1861
CEO: John Franco
Insurance-life & health

Idaho Power
PO Box 70
Boise, ID 83707
208-383-2200
CEO: Joseph W Marshall
Electric utilities-western

Illinois Power
500 South 27th Street
Decatur, IL 62525
217-424-6600
CEO: Wendell J Kelley
Electric utilities-north central

Illinois Tool Works
8501 West Higgins Road
Chicago, IL 60631-2887
312-693-3040
CEO: John D Nichols
Capital goods-heavy equipment

IMC Fertilizer Group
2100 Sanders Road
Northbrook, IL 60062
708-272-9200
CEO: Billie B Turner
Chemicals-specialized

INB Financial (formerly Indiana National)
One Indiana Square
Indianapolis, IN 46266
317-266-6000
CEO: Thomas M Miller
Financial services-regional banks

Independence Bancorp
One Hillendale Road
Perkasie, PA 18944
215-257-2402
CEO: John D Harding
Financial services-regional banks

Ingersoll-Rand
200 Chestnut Ridge Road
Woodcliff Lake, NJ 07675
201-573-0123
CEO: Theodore H Black
Capital goods-heavy equipment

Inland Steel Industries
30 West Monroe Street
Chicago, IL 60603
312-346-0300
CEO: Frank W Luerssen
Materials-steel

Integra Financial
Four PPG Place
Pittsburgh, PA 15222-5408
412-644-8640
CEO: William F Roemer
Financial services-regional banks

Intel
3065 Bowers Avenue
Santa Clara, CA 95052-8126
408-765-8080
CEO: Andrew S Grove
Computers & communications-hardware

Where to find The Forbes 500s

Interco
101 South Hanley Road
St Louis, MO 63105
314-863-1100
CEO: Harvey Saligman
Consumer durables-home furnishings

Intergraph
One Madison Industrial Park
Huntsville, AL 35894-0001
205-730-2000
CEO: James W Meadlock
Computers & communications-hardware

International Business Machines
Old Orchard Road
Armonk, NY 10504
914-765-1900
CEO: John F Akers
Computers & communications-hardware

International Flavors & Fragrances
521 West 57th Street
New York, NY 10019
212-765-5500
CEO: Eugene P Grisanti
Chemicals-specialized

International Minerals & Chemical
2315 Sanders Road
Northbrook, IL 60062
708-564-8600
CEO: George D Kennedy
Chemicals-specialized

International Multifoods
Box 2942
Minneapolis, MN 55402
612-340-3300
CEO: Anthony Luiso
Food, drink & tobacco-food processors

International Paper
Two Manhattanville Road
Purchase, NY 10577
914-397-1500
CEO: John A Georges
Forest products-paper & lumber

Interpublic Group of Cos
1271 Avenue of the Americas
New York, NY 10020
212-399-8000
CEO: Philip H Geier Jr
Entertainment & information-publishing

Ipalco Enterprises
PO Box 1595
Indianapolis, IN 46206-1595
317-261-8261
CEO: John R Hodowal
Electric utilities-north central

Itel
2 North Riverside Plaza
Chicago, IL 60606
312-902-1515
CEO: Samuel Zell
Computers & communications-hardware

ITT
320 Park Avenue
New York, NY 10022
212-752-6000
CEO: Rand V Araskog
Insurance-property & casualty

James River Corp of Virginia
PO Box 2218
Richmond, VA 23217
804-644-5411
CEO: Brenton S Halsey
Forest products-paper & lumber

Jefferson-Pilot
PO Box 21008
Greensboro, NC 27420
919-378-2011
CEO: W Roger Soles
Insurance-life & health

Johnson & Johnson
One Johnson & Johnson Plaza
New Brunswick, NJ 08933
201-524-0400
CEO: Ralph S Larsen
Consumer nondurables-personal products

Johnson Controls
PO Box 591
Milwaukee, WI 53201
414-228-1200
CEO: James H Keyes
Consumer durables-automotive parts

JWP
2975 Westchester Avenue
Purchase, NY 10577
914-935-4000
CEO: Andrew T Dwyer
Business-industrial services

K mart
3100 West Big Beaver Road
Troy, MI 48084
313-643-1000
CEO: Joseph E Antonini
Retailing-drug & discount

Kansas City Power & Light
PO Box 418679
Kansas City, MO 64141-9679
816-556-2200
CEO: A Drue Jennings
Electric utilities-north central

Kansas Power & Light
PO Box 889
Topeka, KS 66601
913-296-6300
CEO: John E Hayes Jr
Energy-gas distributors

Kaufman & Broad Home
10877 Wilshire Boulevard
Los Angeles, CA 90024
213-443-8000
CEO: Bruce E Karatz
Construction-residential builders

Kellogg
PO Box 3599
Battle Creek, MI 49016-3599
616-961-2000
CEO: William E LaMothe
Food, drink & tobacco-food processors

Kelly Services
999 West Big Beaver Road
Troy, MI 48084
313-362-4444
CEO: Terence E Adderley
Business-services

Kemper
Kemper Center
Long Grove, IL 60049-0001
312-540-2000
CEO: Joseph E Luecke
Insurance-diversified

Kentucky Utilities
One Quality Street
Lexington, KY 40507
606-255-2100
CEO: John T Newton
Electric utilities-southeast

Kerr-McGee
PO Box 25861
Oklahoma City, OK 73125
405-270-1313
CEO: Frank A McPherson
Energy-other oil & gas

KeyCorp
PO Box 88
Albany, NY 12201-0088
518-486-8000
CEO: Victor J Riley Jr
Financial services-regional banks

Kimberly-Clark
PO Box 619100
Dallas, TX 75261-9100
214-830-1200
CEO: Darwin E Smith
Consumer nondurables-personal products

King World Productions
830 Morris Turnpike
Short Hills, NJ 07078
201-376-1313
CEO: Michael King
Entertainment & information-movies

Knight-Ridder
One Herald Plaza
Miami, FL 33132-1693
305-376-3800
CEO: James K Batten
Entertainment & information-publishing

Kroger
1014 Vine Street
Cincinnati, OH 45202-1100
513-762-4000
CEO: Lyle Everingham
Retailing-supermarkets & convenience

Where to find The Forbes 500s

Lafarge
PO Box 4600
Reston, VA 22090
703-264-3600
CEO: Robert W Murdoch
Materials-cement & gypsum

Landmark Land
100 Clock Tower Place
Carmel, CA 93923
408-625-4060
CEO: Gerald G Barton
Financial services-lease & finance

Liberty National Bancorp
PO Box 32500
Louisville, KY 40232
502-566-2000
CEO: Joseph W Phelps
Financial services-regional banks

Eli Lilly
Lilly Corporate Center
Indianapolis, IN 46285
317-276-2000
CEO: Richard D Wood
Health-drugs

Limited
PO Box 16000
Columbus, OH 43216
614-475-4000
CEO: Leslie H Wexner
Retailing-apparel

LIN Broadcasting
1370 Avenue of the Americas
New York, NY 10019
212-765-1902
CEO: Donald A Pels
Entertainment & information-broadcasting

Lincoln National
PO Box 1110
Fort Wayne, IN 46801
219-427-2000
CEO: Ian M Rolland
Insurance-diversified

Litton Industries
360 North Crescent Drive
Beverly Hills, CA 90210-4867
213-859-5000
CEO: Orion L Hoch
Aerospace & defense

Liz Claiborne
1441 Broadway
New York, NY 10018
212-354-4900
CEO: Jerome A Chazen
Consumer nondurables-apparel & shoes

Lockheed
4500 Park Granada Boulevard
Calabasas, CA 91399-0212
818-712-2000
CEO: Daniel M Tellep
Aerospace & defense

Loews
667 Madison Avenue
New York, NY 10021-8087
212-545-2000
CEO: Laurence A Tisch
Food, drink & tobacco-tobacco

Lone Star Technologies
PO Box 35888
Dallas, TX 75235-0888
214-352-3981
CEO: John P Harbin
Materials-steel

Long Island Lighting
175 East Old Country Road
Hicksville, NY 11801
516-933-4590
CEO: William J Catacosinos
Electric utilities-northeast

Longs Drug Stores
PO Box 5222
Walnut Creek, CA 94596
415-937-1170
CEO: Robert M Long
Retailing-drug & discount

Loral
600 Third Avenue
New York, NY 10016
212-697-1105
CEO: Bernard L Schwartz
Aerospace & defense

Lotus Development
55 Cambridge Parkway
Cambridge, MA 02142
617-577-8500
CEO: Jim P Manzi
Computers & communications-software

Louisiana Land & Exploration
PO Box 60350
New Orleans, LA 70160
504-566-6500
CEO: H Leighton Steward
Energy-other oil & gas

Louisiana-Pacific
111 Southwest Fifth Avenue
Portland, OR 97204
503-221-0800
CEO: Harry A Merlo
Forest products-paper & lumber

Louisville Gas & Electric
PO Box 32010
Louisville, KY 40232
502-627-2000
CEO: Roger W Hale
Electric utilities-southeast

Lowe's Cos
Box 1111
No Wilkesboro, NC 28656-0001
919-651-4000
CEO: Leonard G Herring
Retailing-specialty

LTV
PO Box 655003
Dallas, TX 75265-5003
214-979-7711
CEO: Raymond A Hay
Materials-steel

Lubrizol
29400 Lakeland Boulevard
Wickliffe, OH 44092-2298
216-943-4200
CEO: Lester E Coleman
Chemicals-specialized

Lyondell Petrochemical
PO Box 3646
Houston, TX 77253-3646
713-652-7200
CEO: Bob G Gower
Chemicals-specialized

Mack Trucks
PO Box M
Allentown, PA 18105-5000
215-439-3011
CEO: Ralph E Reins
Consumer durables-automobiles & trucks

Manufacturers Hanover
270 Park Avenue
New York, NY 10017
212-270-6000
CEO: John F McGillicuddy
Financial services-multinational banks

Manufacturers National
Renaissance Center
Detroit, MI 48243
313-222-4000
CEO: Gerald V MacDonald
Financial services-regional banks

Manville
PO Box 5108
Denver, CO 80217-5108
303-978-2000
CEO: W Thomas Stephens
Materials-other

Mapco
PO Box 645
Tulsa, OK 74101-0645
918-581-1800
CEO: James E Barnes
Energy-other oil & gas

Marion Merrell Dow
PO Box 8480
Kansas City, MO 64114-0480
816-966-4000
CEO: Joseph G Temple Jr
Health-drugs

Marriott
One Marriott Drive
Washington, DC 20058
301-380-9000
CEO: J Willard Marriott Jr
Food, drink & tobacco-food distributors

Where to find The Forbes 500s

Marsh & McLennan Cos
1221 Avenue of the Americas
New York, NY 10020
212-997-2000
CEO: Frank J Tasco
Insurance-diversified

Marshall & Ilsley
770 North Water Street
Milwaukee, WI 53202
414-765-7801
CEO: John A Puelicher
Financial services-regional banks

Martin Marietta
6801 Rockledge Drive
Bethesda, MD 20817
301-897-6000
CEO: Norman R Augustine
Aerospace & defense

Masco
21001 Van Born Road
Taylor, MI 48180
313-274-7400
CEO: Richard A Manoogian
Materials-other

Masco Industries
21001 Van Born Road
Taylor, MI 48180
313-274-7405
CEO: Richard A Manoogian
Consumer durables-automotive parts

Mattel
5150 Rosecrans Avenue
Hawthorne, CA 90250-6692
213-978-5150
CEO: John W Amerman
Consumer nondurables-photography & toys

Maxxam
10880 Wilshire Boulevard
Los Angeles, CA 90024
213-474-6264
CEO: Charles E Hurwitz
Materials-nonferrous metals

May Department Stores
611 Olive Street
St Louis, MO 63101
314-342-6300
CEO: David C Farrell
Retailing-department stores

Maytag
403 West Fourth Street North
Newton, IA 50208
515-792-8000
CEO: Daniel J Krumm
Consumer durables-appliances

MBIA
113 King Street
Armonk, NY 10504
914-273-4545
CEO: William O Bailey
Financial services-lease & finance

MCA
100 Universal City Plaza
Universal City, CA 91608
818-777-1000
CEO: Lew R Wasserman
Entertainment & information-movies

McCaw Cellular Communications
PO Box 97060
Kirkland, WA 98083-9760
206-827-4500
CEO: Craig O McCaw
Computers & communications-telecommun

McCormick & Co
11350 McCormick Road
Hunt Valley, MD 21031-1066
301-771-7301
CEO: Charles P McCormick Jr
Food, drink & tobacco-food processors

McDonald's
McDonald's Plaza
Oak Brook, IL 60521
708-575-3000
CEO: Michael R Quinlan
Retailing-supermarkets & convenience

McDonnell Douglas
PO Box 516
St Louis, MO 63166-0516
314-232-0232
CEO: John F McDonnell
Aerospace & defense

McGraw-Hill
1221 Avenue of the Americas
New York, NY 10020
212-512-2000
CEO: Joseph L Dionne
Entertainment & information-publishing

MCI Communications
1133 19th Street NW
Washington, DC 20036
202-872-1600
CEO: William G McGowan
Computers & communications-telecommun

McKesson
One Post Street
San Francisco, CA 94104
415-983-8300
CEO: Alan Seelenfreund
Health-drugs

Mead
Courthouse Plaza Northeast
Dayton, OH 45463
513-222-6323
CEO: Burnell R Roberts
Forest products-paper & lumber

Medtronic
7000 Central Avenue NE
Minneapolis, MN 55432-3576
612-574-4000
CEO: Winston R Wallin
Health-medical supplies

Mellon Bank
Mellon Bank Center
Pittsburgh, PA 15258-0001
412-234-5000
CEO: Frank V Cahouet
Financial services-regional banks

Melville
One Theall Road
Rye, NY 10580
914-925-4000
CEO: Stanley P Goldstein
Retailing-apparel

Mercantile Bancorporation
PO Box 524
St Louis, MO 63166
314-425-2525
CEO: Thomas H Jacobsen
Financial services-regional banks

Mercantile Bankshares
PO Box 1477
Baltimore, MD 21203
301-237-5900
CEO: H Furlong Baldwin
Financial services-regional banks

Mercantile Stores
128 West 31st Street
New York, NY 10001
212-560-0500
CEO: David R Huhn
Retailing-department stores

Merchants National
One Merchants Plaza
Indianapolis, IN 46255
317-267-7000
CEO: Otto N Frenzel III
Financial services-regional banks

Merck
PO Box 2000
Rahway, NJ 07065-0909
201-594-4000
CEO: P Roy Vagelos
Health-drugs

Meridian Bancorp
PO Box 1102
Reading, PA 19603
215-320-2000
CEO: Samuel A McCullough
Financial services-regional banks

Meritor Savings Bank
1212 Market Street
Philadelphia, PA 19107-4076
215-636-6000
CEO: Roger S Hillas
Financial services-thrift institutions

Merrill Lynch
World Financial Center
New York, NY 10281-1332
212-449-1000
CEO: William A Schreyer
Financial services-brokerage & commodity

Where to find The Forbes 500s

Metro Mobile CTS
110 East 59th Street
New York, NY 10022
212-605-0800
CEO: George L Lindemann
Computers & communications-telecommun

Fred Meyer
PO Box 42121
Portland, OR 97242-0121
503-232-8844
CEO: Frederick M Stevens
Retailing-drug & discount

Michigan National
PO Box 9065
Farmington Hills, MI 48333-9065
313-473-3000
CEO: Robert J Mylod
Financial services-regional banks

Micron Technology
2805 East Columbia Road
Boise, ID 83706
208-383-4000
CEO: Joseph L Parkinson
Computers & communications-hardware

Microsoft
One Microsoft Way
Redmond, WA 98052-6399
206-882-8080
CEO: William H Gates III
Computers & communications-software

Midlantic
PO Box 600
Edison, NJ 08818
201-321-8000
CEO: Robert Van Buren
Financial services-regional banks

Minnesota Mining & Manufacturing
3M Center
St Paul, MN 55144-1000
612-733-1110
CEO: Allen F Jacobson
Business-supplies

Minnesota Power & Light
30 West Superior Street
Duluth, MN 55802
218-722-2641
CEO: Arend J Sandbulte
Electric utilities-north central

MNC Financial
PO Box 987
Baltimore, MD 21203
301-244-5000
CEO: Alan P Hoblitzell Jr
Financial services-regional banks

Mobil
150 East 42nd Street
New York, NY 10017-5666
212-883-4242
CEO: Allen E Murray
Energy-international oil

Molex
2222 Wellington Court
Lisle, IL 60532-1682
312-969-4550
CEO: Frederick A Krehbiel
Computers & communications-hardware

Monarch Capital
One Monarch Place
Springfield, MA 01144
413-781-3000
CEO: Gordon N Oakes Jr
Insurance-life & health

Monsanto
800 North Lindbergh Boulevard
St Louis, MO 63167
314-694-1000
CEO: Richard J Mahoney
Chemicals-diversified

Montana Power
40 East Broadway
Butte, MT 59701
406-723-5421
CEO: W Paul Schmechel
Electric utilities-western

JP Morgan & Co
60 Wall Street
New York, NY 10260
212-483-2323
CEO: Dennis Weatherstone
Financial services-multinational banks

Morgan Stanley Group
1251 Avenue of the Americas
New York, NY 10020
212-703-4000
CEO: S Parker Gilbert
Financial services-brokerage & commodity

Morrison Knudsen
PO Box 73
Boise, ID 83707
208-386-8000
CEO: William M Agee
Construction-commercial builders

Morton International
110 North Wacker Drive
Chicago, IL 60606-1560
312-807-2000
CEO: Charles S Locke
Chemicals-specialized

Motorola
1303 East Algonquin Road
Schaumburg, IL 60196
708-576-5000
CEO: George M C Fisher
Computers & communications-hardware

Multibank Financial
100 Rustcraft Road
Dedham, MA 02026
617-461-1820
CEO: David B Lynch
Financial services-regional banks

Murphy Oil
200 Peach Street
El Dorado, AR 71730
501-862-6411
CEO: Jack W McNutt
Energy-other oil & gas

Nalco Chemical
One Nalco Center
Naperville, IL 60563-1198
708-305-1000
CEO: Worley H Clark Jr
Chemicals-specialized

Nash Finch
3381 Gorham Avenue
St Louis Park, MN 55426
612-929-0371
CEO: Harold B Finch Jr
Food, drink & tobacco-food distributors

National City
1900 East Ninth Street
Cleveland, OH 44114-3484
216-575-2000
CEO: Edward B Brandon
Financial services-regional banks

National Community Banks
113 West Essex Street
Maywood, NJ 07607
201-845-1000
CEO: Robert M Kossick
Financial services-regional banks

National Intergroup
20 Stanwix Street
Pittsburgh, PA 15222
412-394-4100
CEO: Howard M Love
Health-drugs

National Medical Enterprises
PO Box 4070
Santa Monica, CA 90404
213-315-8000
CEO: Richard K Eamer
Health-health care services

National Semiconductor
PO Box 58090
Santa Clara, CA 95052-8090
408-721-5000
CEO: Charles E Sporck
Computers & communications-hardware

National Service Industries
1420 Peachtree Street NE
Atlanta, GA 30309
404-853-1000
CEO: Sidney Kirschner
Capital goods-electrical equipment

Navistar International
401 North Michigan Avenue
Chicago, IL 60611
312-836-2000
CEO: James C Cotting
Consumer durables-automobiles & trucks

Where to find The Forbes 500s

NBD Bancorp
611 Woodward Avenue
Detroit, MI 48226
313-225-1000
CEO: Charles T Fisher III
Financial services-regional banks

NCNB
One NCNB Plaza
Charlotte, NC 28255
704-374-5000
CEO: Hugh L McColl Jr
Financial services-regional banks

NCR
1700 South Patterson Boulevard
Dayton, OH 45479
513-445-5000
CEO: Charles E Exley Jr
Computers & communications-hardware

New England Electric System
25 Research Drive
Westborough, MA 01582
508-366-9011
CEO: John W Rowe
Electric utilities-northeast

New York State Electric & Gas
PO Box 287
Ithaca, NY 14851
607-347-4131
CEO: James A Carrigg
Electric utilities-northeast

New York Times
229 West 43rd Street
New York, NY 10036
212-556-1234
CEO: Arthur Ochs Sulzberger
Entertainment & information-publishing

Newell Co
29 East Stephenson Street
Freeport, IL 61032
815-235-4171
CEO: Daniel C Ferguson
Consumer durables-home furnishings

Newmont Mining
1700 Lincoln Street
Denver, CO 80203
303-863-7414
CEO: Gordon R Parker
Materials-nonferrous metals

Niagara Mohawk Power
300 Erie Boulevard West
Syracuse, NY 13202
315-474-1511
CEO: William J Donlon
Electric utilities-northeast

Nicor
PO Box 3014
Naperville, IL 60566-7014
708-305-9500
CEO: Richard G Cline
Energy-gas distributors

NIKE
3900 SW Murray Boulevard
Beaverton, OR 97005
503-641-6453
CEO: Philip H Knight
Consumer nondurables-apparel & shoes

Nipsco Industries
5265 Hohman Avenue
Hammond, IN 46320
219-853-5200
CEO: Edmund A Schroer
Electric utilities-north central

Nordstrom
1501 Fifth Avenue
Seattle, WA 98101-1603
206-628-2111
CEO: Bruce A Nordstrom
Retailing-apparel

Norfolk Southern
Three Commercial Place
Norfolk, VA 23510-2191
804-629-2600
CEO: Arnold B McKinnon
Transport-railroads

Northeast Bancorp
PO Box 900
Shelton, CT 06484
203-929-5552
CEO: Frank J Kugler Jr
Financial services-regional banks

Northeast Savings FA
50 State House Square
Hartford, CT 06103
203-280-1000
CEO: George P Rutland
Financial services-thrift institutions

Northeast Utilities
PO Box 270
Hartford, CT 06141-0270
203-665-5000
CEO: William B Ellis
Electric utilities-northeast

Northern States Power
414 Nicollet Mall
Minneapolis, MN 55401
612-330-5500
CEO: James J Howard
Electric utilities-north central

Northern Trust
50 South LaSalle Street
Chicago, IL 60675
312-630-6000
CEO: David W Fox
Financial services-regional banks

Northrop
1840 Century Park East
Los Angeles, CA 90067-2199
213-553-6262
CEO: Kent Kresa
Aerospace & defense

Norton
120 Front Street
Worcester, MA 01608-1446
508-795-5000
CEO: John M Nelson
Capital goods-heavy equipment

Norwest
Norwest Center
Minneapolis, MN 55479-1016
612-667-1234
CEO: Lloyd P Johnson
Financial services-regional banks

Novell
122 East 1700 South
Provo, UT 84606
801-379-5900
CEO: Raymond J Noorda
Computers & communications-software

Nucor
4425 Randolph Road
Charlotte, NC 28211
704-366-7000
CEO: F Kenneth Iverson
Materials-steel

NWNL
20 Washington Avenue South
Minneapolis, MN 55401
612-372-5432
CEO: John E Pearson
Insurance-life & health

Nynex
335 Madison Avenue
New York, NY 10017
212-370-7400
CEO: William C Ferguson
Computers & communications-telecommun

Occidental Petroleum
10889 Wilshire Boulevard
Los Angeles, CA 90024
213-208-8800
CEO: Armand Hammer
Energy-international oil

Ogden
Two Pennsylvania Plaza
New York, NY 10121
212-754-4000
CEO: Ralph E Ablon
Business-industrial services

Ohio Casualty
136 North Third Street
Hamilton, OH 45025
513-867-3000
CEO: Joseph L Marcum
Insurance-property & casualty

Ohio Edison
76 South Main Street
Akron, OH 44308
216-384-5100
CEO: Justin T Rogers Jr
Electric utilities-north central

Where to find The Forbes 500s

Oklahoma Gas & Electric
PO Box 321
Oklahoma City, OK 73101-0321
405-272-3000
CEO: James G Harlow Jr
Electric utilities-south central

Old Kent Financial
One Vandenberg Center
Grand Rapids, MI 49503
616-771-5000
CEO: John C Canepa
Financial services-regional banks

Old Republic International
307 North Michigan Avenue
Chicago, IL 60601
312-346-8100
CEO: William R Stover
Insurance-diversified

Old Stone
150 South Main Street
Providence, RI 02903
401-278-2000
CEO: Theodore W Barnes
Financial services-thrift institutions

Olin
PO Box 1355
Stamford, CT 06904-1355
203-356-2000
CEO: John W Johnstone Jr
Chemicals-diversified

Oracle Systems
500 Oracle Parkway
Redwood City, CA 94065
415-598-8000
CEO: Lawrence J Ellison
Computers & communications-software

Oryx Energy (formerly Sun Exploraton & Production)
5656 Blackwell Street
Dallas, TX 75231-6428
214-890-6000
CEO: Robert P Hauptfuhrer
Energy-other oil & gas

Owens-Corning Fiberglas
Fiberglas Tower
Toledo, OH 43659
419-248-8000
CEO: William W Boeschenstein
Materials-other

Paccar
PO Box 1518
Bellevue, WA 98009
206-455-7400
CEO: Charles M Pigott
Consumer durables-automobiles & trucks

Pacific Enterprises
801 South Grand Avenue
Los Angeles, CA 90017
213-895-5000
CEO: James R Ukropina
Energy-integrated gas

Pacific Gas & Electric
77 Beale Street
San Francisco, CA 94106
415-972-7000
CEO: Richard A Clarke
Electric utilities-western

Pacific Telesis Group
130 Kearny Street
San Francisco, CA 94108
415-394-3000
CEO: Sam L Ginn
Computers & communications-telecommun

PacifiCorp
700 NE Multnomah Street
Portland, OR 97232-4116
503-731-2000
CEO: Al M Gleason
Electric utilities-western

PaineWebber Group
1285 Avenue of the Americas
New York, NY 10019
212-713-2000
CEO: Donald B Marron
Financial services-brokerage & commodity

Pall
30 Sea Cliff Avenue
Glen Cove, NY 11542
516-671-4000
CEO: Maurice G Hardy
Chemicals-specialized

Pan Am
200 Park Avenue
New York, NY 10166
212-880-1234
CEO: Thomas G Plaskett
Travel-airlines

Panhandle Eastern
PO Box 1642
Houston, TX 77251-1642
713-627-5400
CEO: Philip J Burguieres
Energy-gas producers & pipeliners

Paramount Communications (Gulf & Western)
15 Columbus Circle
New York, NY 10023-7780
212-373-8000
CEO: Martin S Davis
Entertainment & information-movies

Parker Hannifin
17325 Euclid Avenue
Cleveland, OH 44112-1290
216-531-3000
CEO: Paul G Schloemer
Capital goods-heavy equipment

Penn Central
One East Fourth Street
Cincinnati, OH 45202
513-579-6600
CEO: Carl H Lindner
Computers & communications-hardware

Penn Traffic
319-347 Washington Street
Johnstown, PA 15901
814-536-9900
CEO: Claude Incaudo
Retailing-supermarkets & convenience

JC Penney
PO Box 659000
Dallas, TX 75265-9000
214-591-1000
CEO: William R Howell
Retailing-department stores

Pennsylvania Power & Light
Two North Ninth Street
Allentown, PA 18101-1179
215-770-5151
CEO: Robert K Campbell
Electric utilities-northeast

Pennzoil
PO Box 2967
Houston, TX 77252-8200
713-546-4000
CEO: James L Pate
Energy-other oil & gas

People's Bank
850 Main Street
Bridgeport, CT 06604
203-338-7433
CEO: David E A Carson
Financial services-thrift institutions

Peoples Energy
122 South Michigan Avenue
Chicago, IL 60603-9942
312-431-4000
CEO: Eugene A Tracy
Energy-gas distributors

PepsiCo
700 Anderson Hill Road
Purchase, NY 10577
914-253-2000
CEO: D Wayne Calloway
Food, drink & tobacco-beverages

Perkin-Elmer
761 Main Avenue
Norwalk, CT 06859-0001
203-762-1000
CEO: Horace G McDonell
Computers & communications-hardware

Perpetual Financial
1951 Kidwell Drive
Vienna, VA 22182
703-760-4800
CEO: Thomas J Owen
Financial services-thrift institutions

Petrie Stores
70 Enterprise Avenue
Secaucus, NJ 07094
201-866-3600
CEO: Milton J Petrie
Retailing-apparel

Where to find The Forbes 500s

Pfizer
235 East 42nd Street
New York, NY 10017
212-573-2323
CEO: Edmund T Pratt Jr
Health-drugs

Phelps Dodge
2600 North Central Avenue
Phoenix, AZ 85004-3014
602-234-8100
CEO: Douglas C Yearley
Materials-nonferrous metals

PHH
11333 McCormick Road
Hunt Valley, MD 21031
301-771-3600
CEO: Robert D Kunisch
Business-services

Philadelphia Electric
PO Box 8699
Philadelphia, PA 19101
215-841-4000
CEO: Joseph F Paquette Jr
Electric utilities-northeast

Philip Morris Cos
120 Park Avenue
New York, NY 10017
212-880-5000
CEO: Hamish Maxwell
Food, drink & tobacco-tobacco

Phillips Petroleum
Phillips Building
Bartlesville, OK 74004
918-661-6600
CEO: C J Silas
Energy-other oil & gas

PHM
33 Bloomfield Hills Parkway
Bloomfield Hills, MI 48013
313-647-2750
CEO: James Grosfeld
Construction-residential builders

Pinnacle West Capital
PO Box 52132
Phoenix, AZ 85072-2132
602-234-1142
CEO: Richard Snell
Electric utilities-western

Pioneer Hi-Bred International
400 Locust Street
Des Moines, IA 50309
515-245-3500
CEO: Thomas N Urban
Food, drink & tobacco-food processors

Pitney Bowes
World Headquarters
Stamford, CT 06926-0700
203-356-5000
CEO: George B Harvey
Business-supplies

Pittston
PO Box 8900
Greenwich, CT 06836-8900
203-622-0900
CEO: Paul W Douglas
Travel-airlines
Energy-coal & other

PNC Financial
Pittsburgh, PA 15265
412-762-2666
CEO: Thomas H O'Brien
Financial services-regional banks

Polaroid
549 Technology Square
Cambridge, MA 02139
617-577-2000
CEO: I MacAllister Booth
Consumer nondurables-photography & toys

Potlatch
PO Box 3591
San Francisco, CA 94119-3591
415-576-8800
CEO: Richard B Madden
Forest products-paper & lumber

Potomac Electric Power
1900 Pennsylvania Avenue NW
Washington, DC 20068
202-872-2000
CEO: Edward F Mitchell
Electric utilities-northeast

PPG Industries
One PPG Place
Pittsburgh, PA 15272
412-434-3131
CEO: Vincent A Sarni
Consumer durables-automotive parts

Premark International
1717 Deerfield Road
Deerfield, IL 60015
708-405-6000
CEO: Warren L Batts
Consumer durables-home furnishings

Premier Bancorp
PO Box 1511
Baton Rouge, LA 70821
504-389-4206
CEO: G Lee Griffin
Financial services-regional banks

Premier Industrial
4500 Euclid Avenue
Cleveland, OH 44103
216-391-8300
CEO: Morton L Mandel
Computers & communications-hardware

Price Co
PO Box 85466
San Diego, CA 92138
619-581-4600
CEO: Robert E Price
Retailing-specialty

Primerica
65 East 55th Street
New York, NY 10022
212-891-8900
CEO: Sanford I Weill
Financial services-lease & finance

Procter & Gamble
One Procter & Gamble Plaza
Cincinnati, OH 45202
513-983-1100
CEO: Edwin L Artzt
Consumer nondurables-personal products

Progressive
PO Box 5070
Cleveland, OH 44101
216-464-8000
CEO: Peter B Lewis
Insurance-property & casualty

Provident Life & Accident
One Fountain Square
Chattanooga, TN 37402
615-755-1011
CEO: Winston W Walker
Insurance-life & health

PSI Holdings
1000 East Main Street
Plainfield, IN 46168
317-839-9611
CEO: James E Rogers Jr
Electric utilities-north central

Public Service Co of Colorado
PO Box 840
Denver, CO 80201-0840
303-571-7511
CEO: Delwin D Hock
Electric utilities-western

Public Service Co of New Hampshire
PO Box 330
Manchester, NH 03105
603-669-4000
CEO: John C Duffett
Electric utilities-northeast

Public Service Co of New Mexico
Alvarado Square
Albuquerque, NM 87158
505-848-2700
CEO: Jerry D Geist
Electric utilities-western

Public Service Enterprise Group
PO Box 1171
Newark, NJ 07101-1171
201-430-7000
CEO: E James Ferland
Electric utilities-northeast

Puget Sound Bancorp
PO Box 11500
Tacoma, WA 98411-5500
206-593-3600
CEO: William W Philip
Financial services-regional banks

Where to find The Forbes 500s

Puget Sound Power & Light
411 108th Avenue NE
Bellevue, WA 98004-5515
206-454-6363
CEO: John W Ellis
Electric utilities-western

Quaker Oats
PO Box 9001
Chicago, IL 60604-9001
312-222-7111
CEO: William D Smithburg
Food, drink & tobacco-food processors

Quantum Chemical
99 Park Avenue
New York, NY 10016
212-949-5000
CEO: John Hoyt Stookey
Chemicals-diversified

Ralston Purina
Checkerboard Square
St Louis, MO 63164
314-982-1000
CEO: William P Stiritz
Food, drink & tobacco-food processors

Raytheon
141 Spring Street
Lexington, MA 02173
617-862-6600
CEO: Thomas L Phillips
Aerospace & defense

Readers Digest Association
Pleasantville, NY 10570
914-238-1000
CEO: George V Grune
Entertainment & information-publishing

Reebok International
100 Technology Drive
Stoughton, MA 02072
617-341-5000
CEO: Paul B Fireman
Consumer nondurables-apparel & shoes

Reliance Group Holdings
55 East 52nd Street
New York, NY 10055
212-909-1100
CEO: Saul P Steinberg
Insurance-diversified

Republic New York
452 Fifth Avenue
New York, NY 10018
212-525-6000
CEO: Walter H Weiner
Financial services-regional banks

Reynolds Metals
PO Box 27003
Richmond, VA 23261-7003
804-281-2000
CEO: William O Bourke
Materials-nonferrous metals

Riggs National
1503 Pennsylvania Avenue NW
Washington, DC 20005
202-835-6000
CEO: Joe L Allbritton
Financial services-regional banks

Rite Aid
PO Box 3165
Harrisburg, PA 17105
717-761-2633
CEO: Alex Grass
Retailing-drug & discount

Roadway Services
PO Box 88
Akron, OH 44309-0088
216-384-8184
CEO: Joseph M Clapp
Transport-trucking & shipping

Rochester Community Savings Bank
40 Franklin Street
Rochester, NY 14604
716-262-5800
CEO: Leonard S Simon
Financial services-thrift institutions

Rockwell International
2230 East Imperial Highway
El Segundo, CA 90245
213-647-5000
CEO: Donald R Beall
Aerospace & defense

Rohm & Haas
Independence Mall West
Philadelphia, PA 19105
215-592-3000
CEO: J Lawrence Wilson
Chemicals-diversified

Rorer Group
500 Virginia Drive
Fort Washington, PA 19034
215-628-6800
CEO: Robert E Cawthorn
Health-drugs

Rose's Stores
PO Drawer 947
Henderson, NC 27536
919-430-2600
CEO: Lucius H Harvin III
Retailing-drug & discount

Rouse
10275 Little Patuxent Parkway
Columbia, MD 21044
301-992-6000
CEO: Mathias J DeVito
Construction-commercial builders

Rubbermaid
1147 Akron Road
Wooster, OH 44691
216-264-6464
CEO: Stanley C Gault
Consumer durables-home furnishings

Russell
PO Box 272
Alexander City, AL 35010
205-329-4000
CEO: Dwight L Carlisle Jr
Consumer nondurables-apparel & shoes

Ryder System
3600 Northwest 82nd Avenue
Miami, FL 33166
305-593-3726
CEO: M Anthony Burns
Transport-trucking & shipping

Ryland Group
PO Box 4000
Columbia, MD 21044
301-730-7222
CEO: Charles E Peck
Construction-residential builders

Safeco
Safeco Plaza
Seattle, WA 98185
206-545-5000
CEO: Bruce Maines
Insurance-diversified

Safety-Kleen
777 Big Timber Road
Elgin, IL 60123
708-697-8460
CEO: Donald W Brinckman
Business-industrial services

St Joe Paper
PO Box 1380
Jacksonville, FL 32201
904-396-6600
CEO: Jacob C Belin
Forest products-paper & lumber

St Jude Medical
One Lillehei Plaza
Saint Paul, MN 55117
612-483-2000
CEO: Lawrence A Lehmkuhl
Health-medical supplies

St Paul Bancorp
6700 West North Avenue
Chicago, IL 60635
312-622-5000
CEO: Joseph C Scully
Financial services-thrift institutions

St Paul Cos
385 Washington Street
St Paul, MN 55102
612-221-7911
CEO: Douglas W Leatherdale
Insurance-property & casualty

Salomon
One New York Plaza
New York, NY 10004
212-747-7000
CEO: John H Gutfreund
Financial services-brokerage & commodity

Where to find The Forbes 500s

San Diego Gas & Electric
PO Box 1831
San Diego, CA 92112
619-696-2000
CEO: Thomas A Page
Electric utilities-western

Santa Fe Pacific
224 South Michigan Avenue
Chicago, IL 60604-2401
312-786-6000
CEO: Robert D Krebs
Transport-railroads

Sara Lee
Three First National Plaza
Chicago, IL 60602-4260
312-726-2600
CEO: John H Bryan
Food, drink & tobacco-food processors

Scana
1426 Main Street
Columbia, SC 29201
803-748-3000
CEO: Lawrence M Gressette Jr
Electric utilities-southeast

SCEcorp
PO Box 999
Rosemead, CA 91770
818-302-1212
CEO: Howard P Allen
Electric utilities-western

Schering-Plough
One Giralda Farms
Madison, NJ 07940-1000
201-822-7000
CEO: Robert P Luciano
Health-drugs

Charles Schwab
101 Montgomery Street
San Francisco, CA 94104
415-627-7000
CEO: Charles R Schwab
Financial services-brokerage & commodity

Scott Paper
Scott Plaza
Philadelphia, PA 19113
215-522-5000
CEO: Philip E Lippincott
Consumer nondurables-personal products

EW Scripps
PO Box 5380
Cincinnati, OH 45201
513-977-3000
CEO: Lawrence A Leser
Entertainment & information-publishing

Seagate Technology
920 Disc Drive
Scotts Valley, CA 95066
408-438-6550
CEO: Alan F Shugart
Computers & communications-hardware

Seamen's
30 Wall Street
New York, NY 10005
212-428-4500
CEO: Robert K Utley III
Financial services-thrift institutions

Sears, Roebuck
Sears Tower
Chicago, IL 60684
312-875-2500
CEO: Edward A Brennan
Retailing-department stores
Insurance-diversified

Security Bancorp
16333 Trenton Road
Southgate, MI 48195
313-281-5000
CEO: Andrew R Brodhun
Financial services-regional banks

Security Pacific
333 South Hope Street
Los Angeles, CA 90071
213-345-6211
CEO: Robert H Smith
Financial services-regional banks

Sequa
200 Park Avenue
New York, NY 10166
212-986-5500
CEO: Norman E Alexander
Aerospace & defense

Service Merchandise
PO Box 24600
Nashville, TN 37202-4600
615-251-6666
CEO: Raymond Zimmerman
Retailing-specialty

SFFed Corp
88 Kearny Street
San Francisco, CA 94108
415-955-5800
CEO: Patrick H Price
Financial services-thrift institutions

Shawmut National
777 Main Street
Hartford, CT 06115
203-728-2000
CEO: Joel B Alvord
Financial services-regional banks

Sherwin-Williams
101 Prospect Avenue NW
Cleveland, OH 44115-1075
216-566-2000
CEO: John G Breen
Retailing-specialty

Sigma-Aldrich
3050 Spruce Street
St Louis, MO 63103
314-771-5765
CEO: Carl T Cori
Chemicals-specialized

Signet Banking
PO Box 25970
Richmond, VA 23260
804-747-2000
CEO: Robert M Freeman
Financial services-regional banks

Smith's Food & Drug Centers
1550 South Redwood Road
Salt Lake City, UT 84104
801-974-1400
CEO: Jeffrey P Smith
Retailing-supermarkets & convenience

Snap-on Tools
2801 80th Street
Kenosha, WI 53141-1410
414-656-5200
CEO: Marion F Gregory
Consumer durables-automotive parts

Society
800 Superior Avenue
Cleveland, OH 44114-2692
216-689-3000
CEO: Robert W Gillespie
Financial services-regional banks

Society for Savings
PO Box 2200
Hartford, CT 06145-2200
203-727-5000
CEO: Elliott Miller
Financial services-thrift institutions

Sonat
PO Box 2563
Birmingham, AL 35202-2563
205-325-3800
CEO: Ronald L Kuehn Jr
Energy-gas producers & pipeliners

Sonoco Products
PO Box 160
Hartsville, SC 29550-0160
803-383-7000
CEO: Charles W Coker Jr
Forest products-packaging

South Carolina National
1426 Main Street
Columbia, SC 29226-0001
803-765-3000
CEO: James G Lindley
Financial services-regional banks

Southeast Banking
One Southeast Financial Center
Miami, FL 33131
305-375-7500
CEO: Charles J Zwick
Financial services-regional banks

Southern Company
64 Perimeter Center East
Atlanta, GA 30346
404-393-0650
CEO: Edward L Addison
Electric utilities-southeast

Where to find The Forbes 500s

Southern National
500 North Chestnut Street
Lumberton, NC 28358
919-671-2000
CEO: Hector MacLean
Financial services-regional banks

Southern New England Telecommunications
PO Box 1562
New Haven, CT 06510
203-771-5200
CEO: Walter H Monteith Jr
Computers & communications-telecommun

SouthTrust
PO Box 2554
Birmingham, AL 35290
205-254-5680
CEO: Wallace D Malone Jr
Financial services-regional banks

Southwest Gas
PO Box 98510
Las Vegas, NV 89193-8510
702-876-7011
CEO: Kenny C Guinn
Energy-gas distributors

Southwestern Bell
One Bell Center
St Louis, MO 63101-3099
314-235-9800
CEO: Edward E Whitacre Jr
Computers & communications-telecommun

Southwestern Public Service
PO Box 1261
Amarillo, TX 79170
806-378-2121
CEO: W R Esler
Electric utilities-south central

Sovran Financial
One Commercial Place
Norfolk, VA 23510
804-441-4000
CEO: Albert B Gornto Jr
Financial services-regional banks

Spiegel
1515 West 22nd Street
Oak Brook, IL 60522
708-986-8800
CEO: John J Shea
Retailing-specialty

Springs Industries
PO Box 70
Fort Mill, SC 29715
803-547-3650
CEO: Walter Y Elisha
Consumer durables-home furnishings

SPX
700 Terrace Point Drive
Muskegon, MI 49443
616-724-5000
CEO: Dale A Johnson
Consumer durables-automotive parts

Square D
Executive Plaza
Palatine, IL 60067
708-397-2600
CEO: Jerre L Stead
Capital goods-electrical equipment

Standard Federal Bank
2600 West Big Beaver Road
Troy, MI 48084
313-643-9600
CEO: Thomas R Ricketts
Financial services-thrift institutions

Stanley Works
PO Box 7000
New Britain, CT 06050
203-225-5111
CEO: Richard H Ayers
Capital goods-heavy equipment

Star Banc
425 Walnut Street
Cincinnati, OH 45202
513-632-4000
CEO: Oliver W Waddell
Financial services-regional banks

State Street Boston
Box 351
Boston, MA 02101
617-786-3000
CEO: William S Edgerly
Financial services-regional banks

Stone Container
150 North Michigan Avenue
Chicago, IL 60601-7568
312-346-6600
CEO: Roger W Stone
Forest products-packaging

Student Loan Marketing Assn
1050 Thomas Jefferson St NW
Washington, DC 20007
202-333-8000
CEO: Edward A Fox
Financial services-lease & finance

Subaru of America
PO Box 6000
Cherry Hill, NJ 08034-6000
609-488-8500
CEO: Harvey H Lamm
Consumer durables-automobiles & trucks

Sumitomo Bank of California
320 California Street
San Francisco, CA 94104
415-445-8000
CEO: Keizo Yoshida
Financial services-regional banks

Summit Bancorp
367 Springfield Avenue
Summit, NJ 07901
201-522-8400
CEO: Thomas D Sayles Jr
Financial services-regional banks

Sun Company
100 Matsonford Road
Radnor, PA 19087-4597
215-293-6000
CEO: Robert McClements Jr
Energy-other oil & gas

Sun Microsystems
2550 Garcia Avenue
Mountain View, CA 94043-1100
415-960-1300
CEO: Scott G McNealy
Computers & communications-hardware

Sundstrand
PO Box 7003
Rockford, IL 61125-7003
815-226-2500
CEO: Harry C Stonecipher
Aerospace & defense

SunTrust Banks
PO Box 4418
Atlanta, GA 30302
404-588-7711
CEO: Robert Strickland
Financial services-regional banks

Sunwest Financial Service
PO Box 25500
Albuquerque, NM 87125-0500
505-765-2403
CEO: Ike Kalangis
Financial services-regional banks

Super Food Services
Kettering Box 2323
Dayton, OH 45429
513-439-7500
CEO: Jack Twyman
Food, drink & tobacco-food distributors

Super Valu Stores
PO Box 990
Minneapolis, MN 55440
612-828-4000
CEO: Michael W Wright
Food, drink & tobacco-food distributors

Sysco
1390 Enclave Parkway
Houston, TX 77077-2027
713-584-1390
CEO: John F Woodhouse
Food, drink & tobacco-food distributors

Talman Home Federal S&L of Illinois
30 West Monroe Street
Chicago, IL 60603
312-726-8915
CEO: Theodore H Roberts
Financial services-thrift institutions

Tambrands
One Marcus Avenue
Lake Success, NY 11042
516-358-8300
CEO: Martin F C Emmett
Consumer nondurables-personal products

Where to find The Forbes 500s

Tandem Computers
19333 Vallco Parkway
Cupertino, CA 95014-2599
408-725-6000
CEO: James G Treybig
Computers & communications-hardware

Tandy
PO Box 17180
Fort Worth, TX 76102
817-390-3700
CEO: John V Roach
Retailing-specialty

TCF Financial
801 Marquette Avenue
Minneapolis, MN 55402
612-370-7000
CEO: William A Cooper
Financial services-thrift institutions

TECO Energy
PO Box 111
Tampa, FL 33601
813-228-4111
CEO: Timothy L Guzzle
Electric utilities-southeast

Tecumseh Products
100 East Patterson Street
Tecumseh, MI 49286
517-423-8411
CEO: Todd W Herrick
Capital goods-heavy equipment

Tele-Communications
PO Box 5630
Denver, CO 80217
303-721-5500
CEO: John C Malone
Entertainment & information-broadcasting

Teledyne
1901 Avenue of the Stars
Los Angeles, CA 90067
213-277-3311
CEO: George A Roberts
Aerospace & defense

Telephone & Data Systems
79 West Monroe Street
Chicago, IL 60603
312-630-1900
CEO: LeRoy T Carlson Jr
Computers & communications-telecommun

Temple-Inland
Drawer N
Diboll, TX 75941
409-829-5511
CEO: Clifford J Grum
Forest products-packaging

Tenneco
PO Box 2511
Houston, TX 77252-2511
713-757-2131
CEO: James L Ketelsen
Capital goods-heavy equipment

Texaco
2000 Westchester Avenue
White Plains, NY 10650
914-253-4000
CEO: James W Kinnear
Energy-international oil

Texas Air
333 Clay Street
Houston, TX 77002
713-658-9588
CEO: Francisco A Lorenzo
Travel-airlines

Texas Instruments
PO Box 655474
Dallas, TX 75265
214-995-2011
CEO: Jerry R Junkins
Computers & communications-hardware

Texas Utilities
2001 Bryan Tower
Dallas, TX 75201
214-812-4600
CEO: Jerry Farrington
Electric utilities-south central

Textron
40 Westminster Street
Providence, RI 02903
401-421-2800
CEO: Beverly F Dolan
Aerospace & defense

Time Warner
75 Rockefeller Plaza
New York, NY 10019
212-484-8000
CEO: J Richard Munro
Entertainment & information-publishing

Times Mirror
Times Mirror Square
Los Angeles, CA 90053
213-237-3700
CEO: Robert F Erburu
Entertainment & information-publishing

Timken
1835 Dueber Avenue SW
Canton, OH 44706-2798
216-438-3000
CEO: William R Timken Jr
Capital goods-heavy equipment

TJX Cos (formerly Zayre)
770 Cochituate Road
Framingham, MA 01701
508-390-2000
CEO: Bernard Cammarata
Retailing-apparel

Torchmark
2001 Third Avenue South
Birmingham, AL 35233
205-325-4200
CEO: Ronald K Richey
Insurance-life & health

Tosco
PO Box 2401
Santa Monica, CA 90406-2401
213-207-6000
CEO: Thomas D O'Malley
Energy-other oil & gas

Toys "R" Us
461 From Road
Paramus, NJ 07652
201-262-7800
CEO: Charles Lazarus
Retailing-specialty

Transamerica
600 Montgomery Street
San Francisco, CA 94111
415-983-4000
CEO: James R Harvey
Insurance-diversified

Transco Energy
PO Box 1396
Houston, TX 77251
713-439-2000
CEO: George S Slocum
Energy-gas producers & pipeliners

Travelers
One Tower Square
Hartford, CT 06183
203-277-0111
CEO: Edward H Budd
Insurance-diversified

Tribune
435 North Michigan Avenue
Chicago, IL 60611
312-222-9100
CEO: Stanton R Cook
Entertainment & information-publishing

Trinova
3000 Strayer
Maumee, OH 43537
419-867-2200
CEO: Darryl F Allen
Capital goods-heavy equipment

Trustmark (formerly First Capital)
PO Box 291
Jackson, MS 39205-0291
601-354-5111
CEO: Frank R Day
Financial services-regional banks

TRW
1900 Richmond Road
Cleveland, OH 44124-3760
216-291-7000
CEO: Joseph T Gorman
Aerospace & defense

Tucson Electric Power
PO Box 711
Tucson, AZ 85702
602-622-6661
CEO: Einar Greve
Electric utilities-western

Where to find The Forbes 500s

Turner Broadcasting System
PO Box 105366
Atlanta, GA 30348-5366
404-827-1700
CEO: Robert E Turner
Entertainment & information-broadcasting

Turner Corp
633 Third Avenue
New York, NY 10017
212-878-0400
CEO: Alfred T McNeill
Construction-commercial builders

TW Holdings
PO Box 3168
Spartanburg, SC 29304
803-579-8700
CEO: Jerome J Richardson
Food, drink & tobacco-food distributors

20th Century Industries
6301 Owensmouth Avenue
Woodland Hills, CA 91367
818-704-3700
CEO: Louis W Foster
Insurance-property & casualty

Tyco Laboratories
One Tyco Park
Exeter, NH 03833
603-778-9700
CEO: John F Fort
Materials-other

Tyson Foods
PO Box 2020
Springdale, AR 72765
501-756-4000
CEO: Don Tyson
Food, drink & tobacco-food processors

UAL
PO Box 66919
Chicago, IL 60666
312-952-4000
CEO: Stephen M Wolf
Travel-airlines

UJB Financial (formerly United Jersey Banks)
PO Box 2066
Princeton, NJ 08543-2066
609-987-3200
CEO: T Joseph Semrod
Financial services-regional banks

Union Bank
350 California Street
San Francisco, CA 94104-1476
415-445-0200
CEO: Seishichi Itoh
Financial services-regional banks

Union Camp
1600 Valley Road
Wayne, NJ 07470
201-628-2000
CEO: Raymond E Cartledge
Forest products-paper & lumber

Union Carbide
39 Old Ridgebury Road
Danbury, CT 06817-0001
203-794-2000
CEO: Robert D Kennedy
Chemicals-diversified

Union Electric
PO Box 149
St Louis, MO 63166
314-621-3222
CEO: William E Cornelius
Electric utilities-north central

Union Pacific
Eighth & Eaton Avenues
Bethlehem, PA 18018
215-861-3200
CEO: Andrew L Lewis Jr
Transport-railroads

Union Planters
67 Madison Avenue
Memphis, TN 38103
901-523-6000
CEO: Benjamin W Rawlins Jr
Financial services-regional banks

Union Texas Petroleum Holdings
PO Box 2120
Houston, TX 77252-2120
713-623-6544
CEO: A Clark Johnson
Energy-other oil & gas

Unisys
PO Box 500
Blue Bell, PA 19424-0001
215-986-4011
CEO: James A Unruh
Computers & communications-hardware

United Artists Entertainment
2930 East Third Avenue
Denver, CO 80206
303-321-4242
CEO: Stewart D Blair
Entertainment & information-movies

United Banks of Colorado
1700 Lincoln Street
Denver, CO 80274-0010
303-861-4700
CEO: N Berne Hart
Financial services-regional banks

United Missouri Bancshares
PO Box 419226
Kansas City, MO 64141-6226
816-556-7000
CEO: R Crosby Kemper
Financial services-regional banks

US Bancorp
PO Box 8837
Portland, OR 97208
503-225-6111
CEO: Roger L Breezley
Financial services-regional banks

US Shoe
One Eastwood Drive
Cincinnati, OH 45227
513-527-7000
CEO: Bannus Hudson
Retailing-apparel

United Technologies
One Financial Plaza
Hartford, CT 06101
203-728-7000
CEO: Robert F Daniell
Aerospace & defense

United Telecommunications
PO Box 11315
Kansas City, MO 64112
913-676-3000
CEO: William T Esrey
Computers & communications-telecommun

Universal
PO Box 25099
Richmond, VA 23260
804-359-9311
CEO: Henry H Harrell
Food, drink & tobacco-tobacco

Unocal
PO Box 7600
Los Angeles, CA 90051
213-977-7600
CEO: Richard J Stegemeier
Energy-other oil & gas

UNUM
2211 Congress Street
Portland, ME 04122
207-770-2211
CEO: James F Orr III
Insurance-life & health

Upjohn
7000 Portage Road
Kalamazoo, MI 49001
616-323-4000
CEO: Theodore Cooper
Health-drugs

US West
7800 East Orchard Road
Englewood, CO 80111
303-793-6500
CEO: Jack A MacAllister
Computers & communications-telecommun

USAir Group
2345 Crystal Drive
Arlington, VA 22227
703-892-7000
CEO: Edwin I Colodny
Travel-airlines

USF&G
100 Light Street
Baltimore, MD 21202
301-547-3000
CEO: Jack Moseley
Insurance-property & casualty

USG
101 South Wacker Drive
Chicago, IL 60606-4385
312-606-4000
CEO: Eugene B Connolly Jr
Materials-cement & gypsum

USLife
125 Maiden Lane
New York, NY 10038
212-709-6000
CEO: Gordon E Crosby Jr
Insurance-life & health

UST Inc
100 West Putnam Avenue
Greenwich, CT 06830
203-661-1100
CEO: Louis F Bantle
Food, drink & tobacco-tobacco

USX
600 Grant Street
Pittsburgh, PA 15219-4776
412-433-1121
CEO: Charles A Corry
Energy-other oil & gas
Materials-steel

Valhi
5430 LBJ Freeway
Dallas, TX 75240-2697
214-386-4110
CEO: Harold C Simmons
Chemicals-specialized

Valley Bancorp
PO Box 1061
Appleton, WI 54912-1061
414-738-3830
CEO: Peter M Platten III
Financial services-regional banks

Valley Federal Savings & Loan Assn
6842 Van Nuys Boulevard
Van Nuys, CA 91405
818-904-3000
CEO: Dan E Nelms
Financial services-thrift institutions

Valley National
PO Box 71
Phoenix, AZ 85001
602-261-2900
CEO: Richard J Lehmann
Financial services-regional banks

VF
PO Box 1022
Reading, PA 19603
215-378-1151
CEO: Lawrence R Pugh
Consumer nondurables-apparel & shoes

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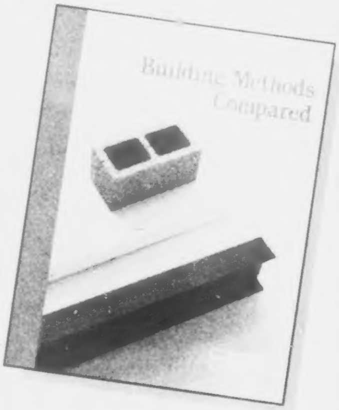

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Vista Chemical
PO Box 19029
Houston, TX 77224
713-588-3000
CEO: John D Burns
Chemicals-specialized

Vons Cos
PO Box 3338 Terminal Annex
Los Angeles, CA 90051
818-579-1400
CEO: Roger E Stangeland
Retailing-supermarkets & convenience

Vulcan Materials
PO Box 530187
Birmingham, AL 35253-0187
205-877-3000
CEO: Herbert A Sklenar
Materials-other

Waban
One Mercer Road
Natick, MA 01760
508-651-6500
CEO: John F Levy
Retailing-specialty

Wal-Mart Stores
702 Southwest 8th Street
Bentonville, AR 72716
501-273-4000
CEO: David D Glass
Retailing-drug & discount

Walgreen
200 Wilmot Road
Deerfield, IL 60015
312-940-2500
CEO: Charles R Walgreen III
Retailing-drug & discount

Wang Laboratories
One Industrial Avenue
Lowell, MA 01851
508-459-5000
CEO: Richard W Miller
Computers & communications-hardware

Warner-Lambert
201 Tabor Road
Morris Plains, NJ 07950
201-540-2000
CEO: Joseph D Williams
Health-drugs

Washington Mutual Savings Bank
PO Box 834
Seattle, WA 98111
206-461-2000
CEO: Louis H Pepper
Financial services-thrift institutions

Washington National
1630 Chicago Avenue
Evanston, IL 60201
708-570-3200
CEO: Robert W Patin
Insurance-life & health

Washington Post
1150 15th Street NW
Washington, DC 20071
202-334-6000
CEO: Katharine Graham
Entertainment & information-publishing

Washington Water Power
PO Box 3727
Spokane, WA 99220
509-489-0500
CEO: Paul A Redmond
Electric utilities-western

Waste Management
3003 Butterfield Road
Oak Brook, IL 60521
708-572-8800
CEO: Dean L Buntrock
Business-industrial services

Weis Markets
1000 South Second Street
Sunbury, PA 17801-0471
717-286-4571
CEO: Sigfried Weis
Retailing-supermarkets & convenience

Wells Fargo
420 Montgomery Street
San Francisco, CA 94163
415-477-1000
CEO: Carl E Reichardt
Financial services-regional banks

West One Bancorp (formerly Moore Financial)
PO Box 8247
Boise, ID 83733
208-383-7000
CEO: Daniel R Nelson
Financial services-regional banks

Western Capital Investment
1675 Broadway
Denver, CO 80202
303-623-5577
CEO: Junius F Baxter
Financial services-thrift institutions

Westinghouse Electric
Gateway Center
Pittsburgh, PA 15222
412-244-2000
CEO: John C Marous
Capital goods-electrical equipment

Westvaco
299 Park Avenue
New York, NY 10171
212-688-5000
CEO: John A Luke
Forest products-paper & lumber

Wetterau
8920 Pershall Road
Hazelwood, MO 63042
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CEO: Ted C Wetterau
Food, drink & tobacco-food distributors

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Weyerhaeuser Building
Tacoma, WA 98477
206-924-2345
CEO: George H Weyerhaeuser
Forest products-paper & lumber

Wheelabrator Technologies
Liberty Lane
Hampton, NH 03842
603-929-3000
CEO: Paul M Montrone
Construction-commercial builders

Wheeling-Pittsburgh Steel
1134 Market Street
Wheeling, WV 26003
304-234-2400
CEO: William J Scharffenberger
Materials-steel

Whirlpool
2000 M-63
Benton Harbor, MI 49022-2692
616-926-5000
CEO: David R Whitwam
Consumer durables-appliances

Whitman
111 East Wacker Drive
Chicago, IL 60601
312-565-3000
CEO: James W Cozad
Food, drink & tobacco-food processors

Whitney Holding
228 St Charles Avenue
New Orleans, LA 70130
504-586-7272
CEO: William L Marks
Financial services-regional banks

Willamette Industries
1300 SW Fifth Avenue
Portland, OR 97201
503-227-5581
CEO: William Swindells
Forest products-paper & lumber

Williams Cos
One Williams Center
Tulsa, OK 74172
918-588-2000
CEO: Joseph H Williams
Energy-gas producers & pipeliners

Wilmington Trust
Rodney Square North
Wilmington, DE 19890
302-651-1000
CEO: Bernard J Taylor II
Financial services-regional banks

Winn-Dixie Stores
PO Box B
Jacksonville, FL 32203-0297
904-783-5000
CEO: A Dano Davis
Retailing-supermarkets & convenience

Wisconsin Energy
PO Box 2949
Milwaukee, WI 53201
414-221-2345
CEO: Charles S McNeer
Electric utilities-north central

Witco
520 Madison Avenue
New York, NY 10022-4236
212-605-3800
CEO: William Wishnick
Chemicals-specialized

Woolworth
233 Broadway
New York, NY 10279
212-553-2000
CEO: Harold E Sells
Retailing-specialty

Wm Wrigley Jr
410 North Michigan Avenue
Chicago, IL 60611
312-644-2121
CEO: William Wrigley
Food, drink & tobacco-food processors

Xerox
PO Box 1600
Stamford, CT 06904
203-968-3000
CEO: David T Kearns
Business-supplies
Insurance-property & casualty

Yellow Freight System
PO Box 7563
Overland Park, KS 66207
913-345-1020
CEO: George E Powell Jr
Transport-trucking & shipping

Zenith Electronics
1000 Milwaukee Avenue
Glenview, IL 60025
708-391-7000
CEO: Jerry K Pearlman
Computers & communications-hardware

Zions Bancorporation
1380 Kennecott Building
Salt Lake City, UT 84133
801-524-4787
CEO: Roy W Simmons
Financial services-regional banks

The Forbes Wall Street Review

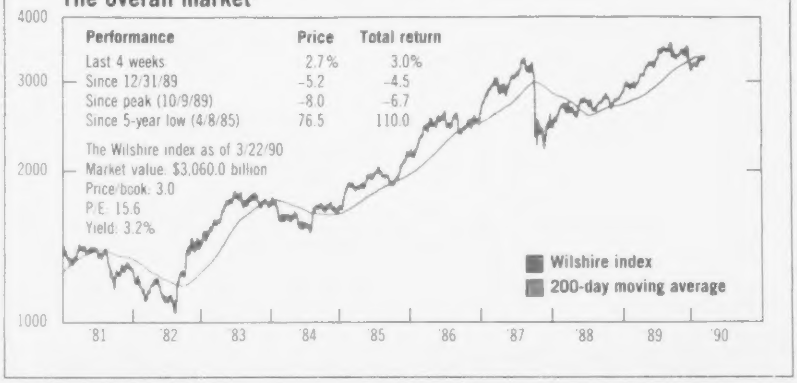
Edited by Eric S. Hardy

How disappointing will first-quarter earnings be? Smith Barney analyst John L. Manley expects profits will be down 9% from the first three months of 1989. But this view makes him less pessimistic than Wall Street analysts in general. According to the Institutional Brokers Estimate System, which monitors earnings estimates, composite net income for S&P 500 stocks is expected to be $5.86 for the January-to-March quarter, off 13% from 1989. Manley cautions that earnings for the full year could be affected by recession or a further rise in the dollar, both of which would be bad for cyclical stocks and for exporters of chemical products, for example.

Under the circumstances, what's a good buy? Michael Metz, Oppenheimer's research director, is optimistic about selected growth-oriented stocks including Coca-Cola and Eli Lilly, along with some depressed technology issues like Digital Equipment, IBM and Texas Instruments. He believes the impact of a strong dollar is fully reflected in these companies' stock prices.

The Wilshire price/earnings multiple is now 15.8, versus 12.8 a year ago. During the past two weeks, the market resumed the upward momentum that it started back in February. But it was the big stocks that carried the ball. The Dow and the NYSE indexes gained about 1%, while over-the-counter stocks lost 0.3%.

The overall market[1]



Performance	Price	Total return
Last 4 weeks	2.7%	3.0%
Since 12/31/89	-5.2	-4.5
Since peak (10/9/89)	-8.0	-6.7
Since 5-year low (4/8/85)	76.5	110.0

The Wilshire index as of 3/22/90
Market value: $3,060.0 billion
Price/book: 3.0
P/E: 15.6
Yield: 3.2%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Norton	75⅜	40%	21	11,416	9.6
National Health Labs	12	17	20	59	0.3
LA Gear	35¾	17	12	7,623	1.5
UAL	152	15	10	2,761	0.7
Carnival Cruise Lines	20⅜	14	14	942	1.3

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Midlantic	18⅝	-18%	3	3,780	1.0
Hibernia	16⅜	-18	7	638	1.0
First Fidelity Bancorp	20	-17	8	1,199	0.4
Contel Cellular	19½	-17	NM	629	1.0
Southeast Banking	14⅛	-14	6	2,956	1.7

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,241.75	-1.2%
Wilshire index 6,000 stocks, equal weighted	21.33	-0.8
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,695.72	0.0
S&P 500 Capitalization weighted cross section, major stocks	335.65	-1.4
NYSE Capitalization weighted, all listed common stocks	184.70	-1.4
Amex Capitalization weighted total return, stocks, warrants	360.48	-0.3
Nasdaq Capitalization weighted, all issues except warrants	434.51	-0.5
Amex international market index Capitalization weighted, 50 largest ADRs	286.02	-7.1

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	827.90	-9.9%
Institutional[5] Approximately 200 stocks with high institutional ownership	113.56	0.1
Individual[5] Approximately 200 stocks with low institutional ownership	103.02	-1.4
Russell 2000 index 2000 stocks with small market values, capitalization weighted	162.74	0.4
Gold[6] (Composite quote of 6 major dealers)	$392.25	-2.5
Yen[6] (per $U.S.)	155.07	2.6
Commodity index[6] (CRB futures index, 1967 = 100)	237.34	-0.7
Oil[6] (W Texas Intermediate)	$20.00	-3.8
T Bills[6] (90 days)	7.89%	unchanged
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 3/22/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Average daily volume over a 2-week period. [3]Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4]Morgan Stanley Capital International Perspective. [5]For period ending 3/23/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6]Knight-Ridder Financial Information. [7]A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

New Issues Review

Edited by Charles M. Bartlett Jr.

The biggest[1]

Company/business	Exchange	Offer date	Offer price	Recent price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
Reader's Digest/publishing	N	2/14/90	20	23 ½	$420	Goldman, Sachs	18%	16%
Geneva Steel/steel	N	3/27/90	10	9 ⅞	62	Merrill Lynch	–1	–1
Verifone/transaction automation sys	O	3/13/90	16	20	53	Morgan Stanley	25	24
Cisco Sytems/computer equip	O	2/16/90	18	23 ½	50	Morgan Stanley	31	28
Tuboscope/oilfield svcs	O	3/13/90	8½	7 ¾	47	PaineWebber	–9	–10
Digital Sound/telecomm equip	O	2/27/90	8½	10	40	Goldman, Sachs	18	14
Delphi Financial Group/insurance	O	3/13/90	14	14 ⅛	31	Kidder, Peabody	1	0
DeVlieg-Bullard/machine tools	O	3/16/90	7	7 ⅛	30	First Boston	2	2
Syntellect/telecomm equip	O	3/29/90	15	18 ½	28	Alex Brown & Sons	23	24
Bankers/bank holding	O	3/16/90	9	9 ¾	25	PaineWebber	8	23

Performance Update

Closed-end funds, most conspicuously one-nation funds, dominated the new-issues market in the first quarter. A total of $2.7 billion was raised from 15 offerings. More are coming: 19 closed-ends, worth $1.6 billion, are currently in registration.

Among nonfund initial public offerings, only 24 issues met our minimum size criterion *(see footnotes)*. They raised a combined $980 million in the quarter.

Reader's Digest is the biggest new issue. Last fall it was ranked 65 on our list of largest private companies *(Dec. 11, 1989)* and is now in our annual survey of the largest public companies *(see p. 221)*. It was a busy quarter for publishing: Besides the Reader's Digest offering totaling $420 million, there was a $63 million initial public offering of Central Newspapers, an Indianapolis-based chain.

Computer-related new issues were also in vogue. Cisco Systems, which makes networking equipment, had the fourth-largest offering, $50 million, and the third-best gain, 31%, for the quarter. Sequoia Systems, which manufactures fault-tolerant computers~~, fell 17%~~ after going public Mar. 6.

The best-performing new issue of the quarter was Intera Information Technologies, a Calgary, Alta. company that makes reconnaissance maps for oil exploration.

The best[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
Intera Info Tech/aerial mapping	9¾	$17	Merrill Lynch	54%	51%
Hologic/X-ray sys	14	17	Hambrecht & Quist	34	31
Cisco Sys/computer equip	18	50	Morgan Stanley	31	28
Millfeld Trading/imports footwear	5	6	Whale Securities	30	30
Integrated Sys/computer software	9	16	Alex Brown & Sons	25	24

The worst[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
Sequoia Sys/computer equip	9½	$18	Merrill Lynch	–17%	–18%
Henley Intl/surgical instruments	8	8	Rotan Mosle[3]	–16	–15
Tuboscope/oilfield svcs	8½	47	PaineWebber	–9	–10
MAF Bancorp/bank holding	8½	8	Merrill Lynch	–4	–2
Civic Bancorp/bank holding	13½	7	Keefe, Bruyette	–4	–6

The most active investment banker[4]

Underwriter	Total offerings	Total raised ($mil)
Goldman, Sachs	10	$854
Alex Brown & Sons	17	365
First Boston	4	351
Merrill Lynch	10	337
Smith Barney	6	228

Industries going public[4]

Industry	Total offerings	Total raised ($mil)
Publishing	2	$483
Computer equip	6	205
Computer software	10	196
Oil producer	1	182
Supermarkets	2	159

Notes: Initial public offerings of common equities with offer date of 1/1/90 to 3/31/90, offering price of $2.50 or more and offering value of $5 million or more. Closed-end funds, limited partnerships, and ADS (American Depositary Shares) of corporations already traded in foreign countries are excluded as are REITS and spinoffs. [1]Last quarter. [2]The percentage by which the ending value of $100 invested in the stock exceeds the ending value of $100 invested in the market. [3]Subsidiary of PaineWebber. [4]Latest 12 months. Source: Securities Data Co.

The Funds

Our advice to forlorn holders of junk bond mutual funds: Hold. To others: Buy. The recent market collapse has squeezed out a lot of the risk in a junk portfolio.

Why you should buy junk now

By William Baldwin

THE TIME TO BUY stocks is when fear is pervasive—when your hand trembles as you reach for the phone to call your broker. Read the headlines being printed about high-yield bonds these days and you probably are that fearful. The leading junk broker goes bankrupt, the thrifts are under federal mandate to liquidate their junk bond portfolios, the Securities & Exchange Commission is investigating whether fund managers took kickbacks from Drexel to buy junk, and some big issuers of junk bonds are in default or on the verge of it. The fear is there. It is a buy signal.

If you don't like psychological signals, go for this fundamental one: Junk yields are averaging almost seven percentage points above Treasury yields. That spread is wide enough to offset the high (4% last year) and growing default rate.

But don't buy individual junk bonds. It is almost impossible to know which are sound and which are not. Furthermore, unscrupulous issuers are going to try to force a lot of junk bond holders to surrender their bonds at prices way below par. When we say buy junk, therefore, we mean junk bond funds. Let the fund professionals weigh the credit risks, fight greedy issuers and give you the broad diversification of hundreds of issues.

Here are the negatives. Selling pressures will continue for a year or two, from several quarters. Kenneth Thomas, a thrift consultant in Miami, calculates that between them the thrift industry and the Resolution Trust Co. had $11 billion of junk on hand as of Dec. 31, all destined for sale. Further sell orders will come in from some sick insurance companies and a few junk-fund shareholders who are only now waking up to their losses of principal.

At the same time, though, some deep and patient pockets are putting in buy orders. Among the rumored junk buyers are the General Motors pension fund, cash-rich raider Carl Icahn and various equity players who see junk as a sometimes cheap alternative to equity, including fund managers Eric Ryback of the Lindner funds and Michael Price of the Mutual Series funds.

"Our thesis has always been that [junk bonds] were in effect equity. The reason we didn't own them was that they were equities with fixed-income returns," says Julian Robertson, the hedge fund operator. "But now the returns are better than in other equities." This very shrewd investor is buying selected issues.

How might Graham and Dodd view the junk market, if they were alive? Probably as overpriced a year ago and fairly cheap, but not screamingly cheap, today. The following analysis of the largest issuer, RJR Nabisco, comes courtesy of Patrick Duff, Robertson's junk analyst at Tiger Management in New York City:

RJR's tobacco business should deliver operating profits (earnings before interest, taxes and depreciation) of $2.9 billion this year, and would be

A short list of junk bond funds

Recent price declines in the junk market have depressed funds' historical returns, but ought to prime them for good returns in the future. Herewith the four largest no-loads and the four best-performing out of a very large group of load funds. Unless you need handholding from a broker, stick to no-load funds.

Fund	Assets[1] ($mil)	Cash[1]	3-year return (annualized)	Yield[2]	Manager (years in position)	Load	Expense ratio[3]
Federated High Yield Trust	$122	5.8%	1.9%	15.9%	JT Madden/Mark Durbiano (6)	none	0.75%
Fidelity High Income Fund	1,060	18.3[4]	0.0	15.5	Margaret Eagle (1)	none	0.77
T Rowe Price High Yield Fund	655	9.9	1.9	15.1	Richard Swingle (5)	none	1.02
Vanguard Fixed Income—High Yield	817	10.6	3.0	13.9	Earl McEvoy (6)	none	0.38
Cigna High Yield Fund	241	9.7	3.3	14.7	Alan Petersen (7)	5.00%	0.99
Kemper High Yield Fund	1,312	2.3	3.1	15.1	William Buecking (12) Kenneth Urbaszewski (10)	4.50	0.67
Merrill Lynch Corp—High Income-A	661	9.6	4.6	13.8	Vincent Lathbury III (12)	4.00	0.66
Oppenheimer High Yield Fund	640	9.0	4.9	14.1	Ralph Stellmacher (2)	6.75	0.90

[1] Figures as of Mar. 30. [2] Last 12 months' income dividends, divided by recent net asset value. [3] Annual expenses as percent of net assets, latest fiscal year. [4] As of Jan. 31.

worth 4.5 times that to a buyer, or $13 billion. The food business will do just over $1 billion this year and is worth $8 billion. All told, you have, stacked on a business worth $21 billion, a $23 billion pile of debt—figured at face value, that is. But the publicly owned RJR paper has been trading at between 65 and 90 cents on the dollar. Counting at face value the bank loans that have first claim on the assets, the market value of RJR debt totals less than $18 billion. The company is worth more than that.

Duff doesn't necessarily think that Kohlberg Kravis Roberts overpaid to get this company, or that the public that was sucked into the junk bonds at close to 100 cents on the dollar also overpaid. But even if you think they did, you might agree with Duff that the company is somewhat undervalued on Wall Street.

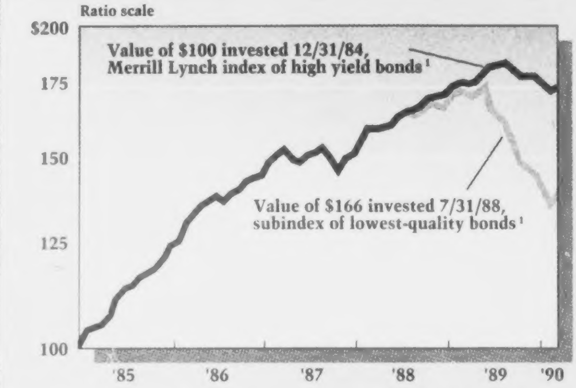
Here's the rundown on USG Corp., the Sheetrock company, from Brian Bogart, a junk analyst in the Montpelier, Vt. office of McCarthy Crisanti Maffei. Market value of debt, again with the banks assumed to be holding paper at par, is $2.1 billion. Market value of the common is around $220 million. Total market capitalization, $2.3 billion. The company earned $383 million in operating income last year, and, despite some worries about asbestos litigation, would be worth six times that, or $2.3 billion, to an acquirer. Bogart has a buy recommendation on the senior subordinated 13¼s of 2000 at a recent price of 67½. If Bogart's calculations are correct, these bonds ought to be worth close to par in a liquidation. Definitely not a steal, but still good value.

The opportunities would be better if sellers were desperate and bonds couldn't find bids. But the panic selling seems to be behind us. The Fidelity High Income Fund is down to just over $1 billion in assets, from a peak of $1.7 billion, but its net asset value per share has leveled off after months of decline. Beginning a few weeks ago new money was coming in a trickle faster than old money going out. An early April survey by Fidelity turned up the curious fact that a majority of the remaining customers are in the fund for "appreciation" rather than "income." In short, the old crowd of yield suckers has already departed.

Should you expect appreciation from a junk-fund investment? Some speculative bonds will double in price, but a lot of others will continue downward as companies report operating profit declines. But even if an investment merely holds its value over a couple of years, the current returns in the 14% range make them an interesting buy.

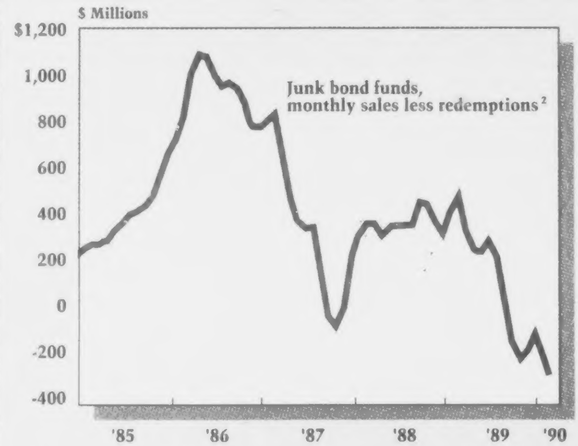
The performance of junk

The junkiest of junk bonds have been hammered in the past year. The junk group as a whole has suffered only a mild correction, however.



The popularity of junk

As of February, investors were still dumping junk fund shares. By now, the panic may be largely over.



¹Interest reinvested. ²3-month moving average, open end funds only.

Sources: Merrill Lynch & Co; Investment Company Institute

Here's a rough forecast of junk returns. Gross yield on bonds, 15% Fund overhead, 1%. Average annua capital loss, 2%. Net return, 12% Not spectacular but, compared with the risk, a very good reward. And our assumptions were pretty conservative. If the market can absorb the overhang of junk from distressed savings and loans and other sellers, yields could edge downward over the nex few years. That would add a sweetener to what is already a good return.

But even 12% is not bad at all. Treasury bonds yield about 8.5%. Stocks have averaged real (net of inflation) total returns of no quite 7% since the 1920s suggesting that expected returns now, with inflation a about 5%, should be pegged in the 12% area. (The outsize return on stocks in the last decade is, if anything, a reason to expect subnorma returns now.) A junk portfolio, in sum, could easily tie or beat stocks this decade, and with slightly les risk. Note in the top char that the junk crash of th past year really hit the lowest-quality paper; the overall market had only a mild correction.

One caution: taxes. Jun has the unappealing habi of combining abnormally high and fully taxable interest income with not alway deductible capital losses Inside an IRA or 401(k) account, this is not a problem. Outside, it can be one

What if you already own (outside an IRA) junk bon funds with a big capital los but are reluctant to sel now and miss the yields? I this case, switch from on no-load junk bond fund t another. Capital losses ca shelter any amount of capital gains and up to $3,000 o ordinary income.

The table on page 44 lists all four of the no-loa junk funds with at leas $100 million in assets and the fou load funds with the best returns since 1987. It should not be taken as evidence that load funds outperform no-loads. There just happen to be a lo more load funds around. If you kno what you're doing, you're better off i a no-load. You can take capital losse without paying a commission. ■

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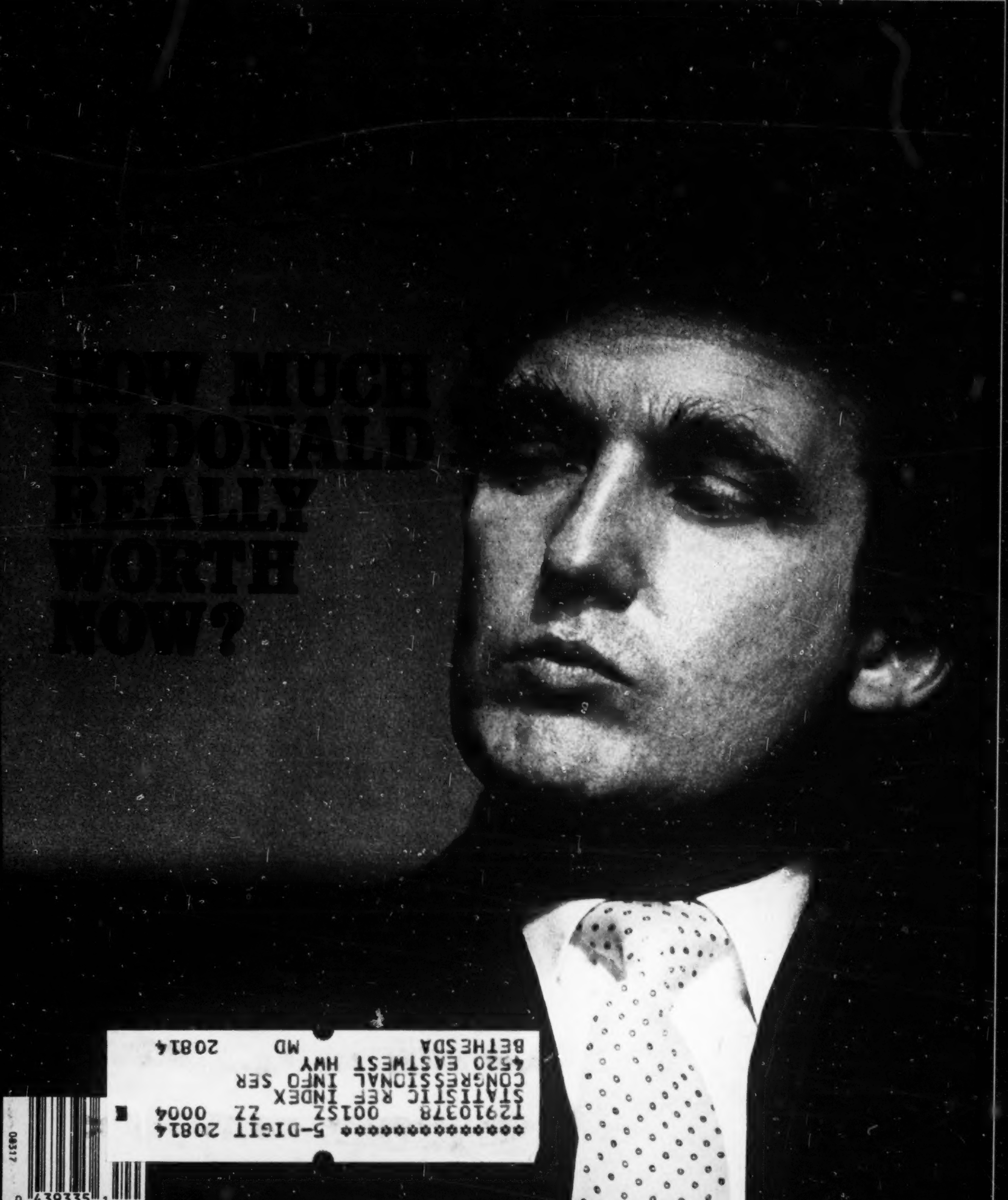

HOW MUCH IS DONALD REALLY WORTH NOW?

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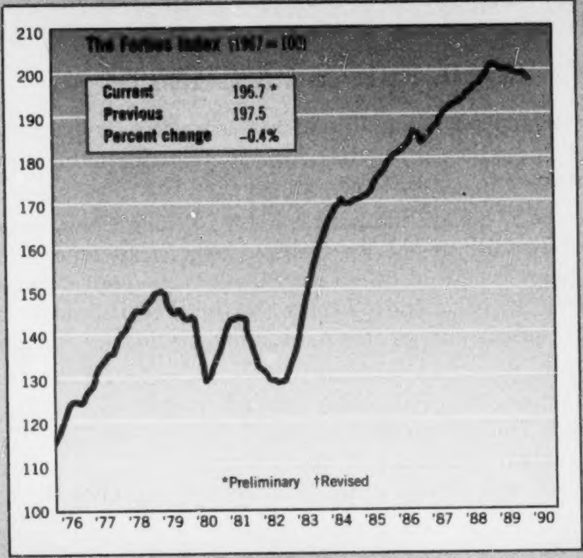
The Forbes Index



The Forbes Index fell 0.4% in March, preliminary data show. If they hold up, the Index will be at its lowest level since September 1988. New housing starts rose 28% from February, but this is the weakest March figure since 1983. March retail sales fell 0.6%, and industrial production fell 0.3%. Soft demand is prompting businesses to work off inventories, according to Edward F. McKelvey, senior economist at Goldman, Sachs. Note: The Federal Reserve has revised the Industrial Production series, so that 1987 now equals 100.

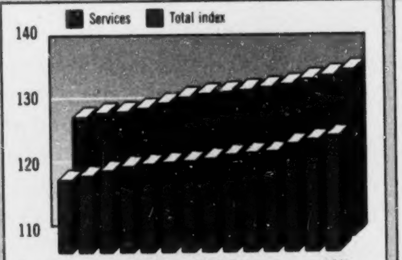
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	–3.4%
Index of leading indicators February vs. January	Dept of Commerce	–1.0%
Trade balance last 12 months	Dept of Commerce	–$96 bil
Producer price index March vs. 1989[2]	Dept of Labor	4.4%
GNP 4th quarter vs. 3rd—annualized growth	Dept of Commerce	1.1%
NBER Experimental Recession Index[3]	Natl Bureau of Economic Research	5.0%

[1] U.S.- based manufacturers, excludes imports, as of 4/10/90. [2] Finished goods. [3] February 1990.

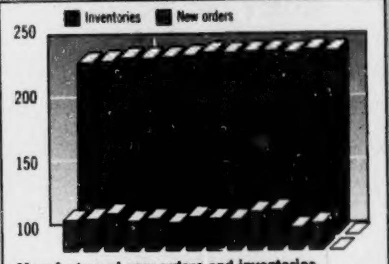
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

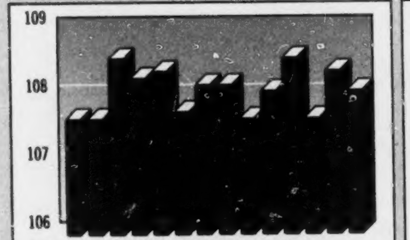
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



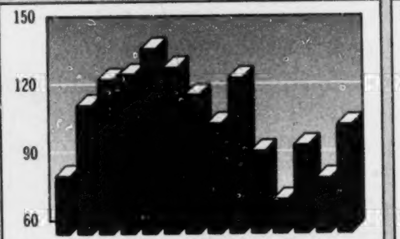
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



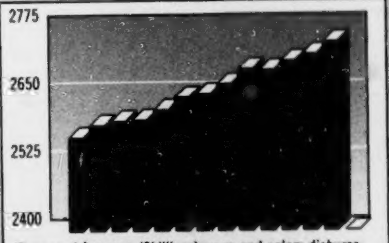
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



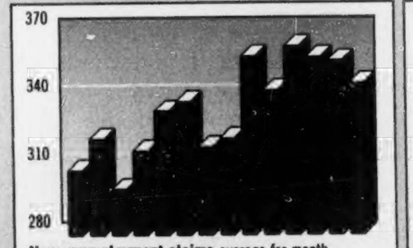
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



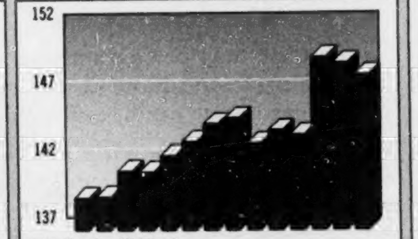
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



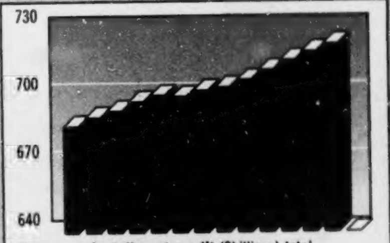
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



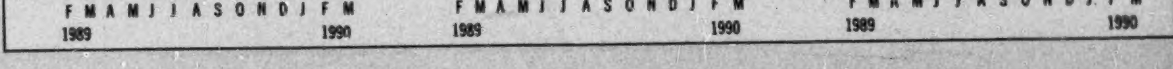
New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



The Forbes Wall Street Review

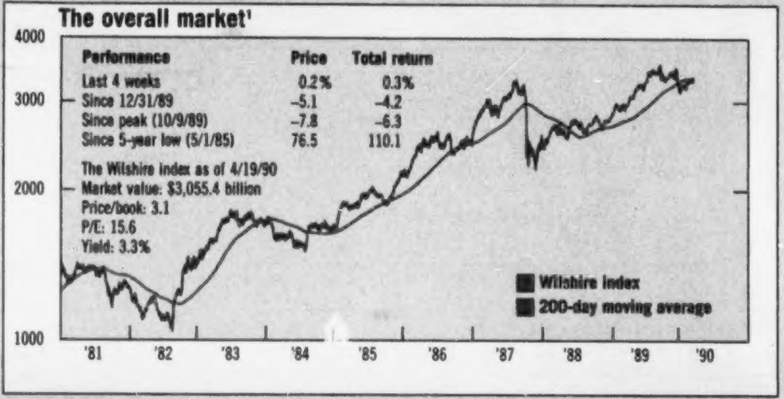
Edited by Eric S. Hardy

The stock market has dropped a long way from its Jan. 2, 1990 peak. Since the start of 1990 the yield on 30-year Treasury bonds has climbed a full percentage point, a real damper for the stock market as well. James P. Craig, portfolio manager of the Janus Fund, says that higher interest rates and lower corporate earnings will continue to make it hard to make money in stocks. Janus Fund had a total return of 46% in 1989 and was one of the best-performing stock funds over the last market cycle *(see p. 156)*. But, during the first quarter, the fund posted a modest loss, as did the overall market. Craig recently increased the fund's cash position to 19%. Among the few stocks he likes are waste-disposal issues such as Waste Management, Chambers Development and Wheelabrator Technologies.

In the past two weeks the price of a barrel of West Texas Intermediate crude oil fell 7%, to $18.05, but this didn't help the Dow transportation average, which slipped 1.7%. The rest of the market also experienced small declines, with the Wilshire index of 6,000 stocks off about 1%.

Note to readers: In the Apr. 30 issue of FORBES, thanks to a production error the tables and chart on this page were not properly updated. For a copy of the correct page, please write the Forbes Statistics Department, 60 Fifth Avenue, New York, N.Y. 10011 or call (212) 206-5515.

The overall market[1]



The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Telecom USA	38½	74%	31	9,190	5.5
TCBY Enterprises	24⅛	19	22	2,798	1.1
Pep Boys-Manny Moe & Jack	12⅝	17	19	1,629	1.3
Savannah Foods & Inds	31⅝	17	21	419	1.0
Midlantic	16⅛	14	3	9,613	3.5

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Comdisco	18	–32%	7	3,090	3.3
Legent	20¾	–21	18	4,970	3.1
Seagate Technology	12½	–19	6	6,317	0.6
TJX Cos	13⅛	–18	11	8,078	4.2
Intergraph	18	–16	12	9,181	2.2

Closeup on the Market

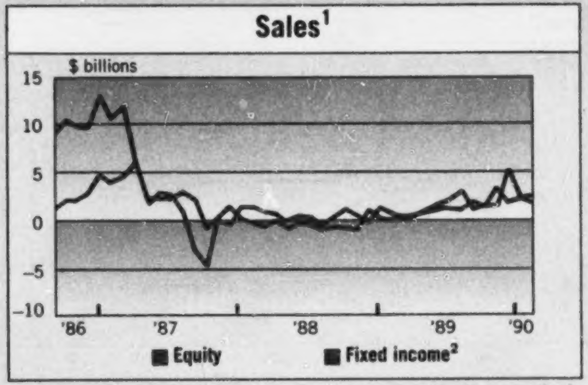
Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,246.94	–0.9%
Wilshire index 6,000 stocks, equal weighted	21.12	–0.5
Dow Jones Industrials 30 stocks, divisor-adjusted price average	2,711.94	–0.3
S&P 500 Capitalization weighted cross section, major stocks	338.09	–0.8
NYSE Capitalization weighted, all listed common stocks	185.57	–0.8
Amex Capitalization weighted total return: stocks, warrants	350.73	–2.9
Nasdaq Capitalization weighted, all issues except warrants	429.00	–1.0
Amex international market index Capitalization weighted, 50 largest ADRs	296.88	–0.8

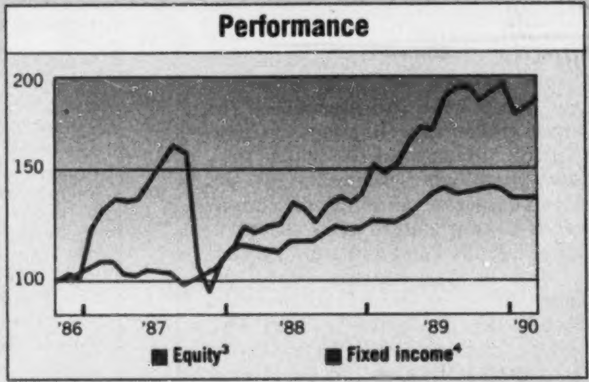
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	851.80	3.7%
Institutional[5] Approximately 200 stocks with high institutional ownership	110.43	–1.8
Individual[5] Approximately 200 stocks with low institutional ownership	101.51	–1.9
Russell 2000 index 2000 stocks with small market values, capitalization weighted	162.78	0.0
Gold[6] (composite quote of 6 major dealers)	$376.50	–0.4
Yen[6] (per $U.S.)	157.25	–0.3
Commodity index[6] (CRB futures index, 1967 = 100)	242.97	0.9
Oil[6] (W Texas Intermediate)	$18.05	–7.2
T bills[6] (90 days)	7.76%	3 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 4/19/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Average daily volume over a 2-week period. [3]Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4]Morgan Stanley Capital International Perspective. [5]For period ending 4/20/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6]Knight-Ridder Financial Information. [7]A basis point is equal to one-hundredth of a percentage point.

Mutual Fund Review

Edited by John Chamberlain





Don't look merely at recent performance, look at a whole market cycle, which comprises one up and one down segment. That has been the Forbes philosophy since we started rating funds 34 years ago. Why? Because the funds that do best in bull markets tend to do the worst in bear markets. And you never know what kind of market is around the corner.

Over the last market cycle, which runs from the August 1987 precrash peak through March 1990, stock and balanced funds have done very poorly. The largest *(lower left)* show annualized returns in single digits.

Bond funds show better results over their very different cycle, which goes back to 1984 and includes more bullish years. Four taxable fixed-income funds show compound annual returns for the past six years topping 16%. During this period the Merrill Lynch Corporate-Government index averaged 12.2% a year. All these figures are total returns (price changes and reinvested income) and, for the funds, are after overhead expenses but before one-time sales charges.

Departing manager Peter Lynch steered Fidelity Magellan to a 6.6% annualized cycle return. That's nearly 2 points better than the S&P 500 index and 3 points better than the Forbes stock fund index.

The Largest Funds

Fund	Forbes rating UP	 DOWN	Cycle[6] return	Assets[7] ($mil)
Equity[5]				
Fidelity Magellan Fund	A+	B	6.6%	$12,700
Vanguard Windsor Fund	B	A	4.3	8,063
Investment Co of America	B	B	5.2	5,376
Fidelity Equity-Income Fund	C	A	3.7	5,038
Fidelity Puritan Fund	B	B	5.6	4,862
Templeton World Fund	B	B	3.9	4,715
Washington Mutual Investors	B	A	5.8	4,482
Pioneer II	B	B	3.2	4,382
Affiliated Fund	C	B	2.8	3,671
Mutual Series-Mutual Shares	D	A	8.0	3,402
Taxable Bonds				
Franklin US Govt Secs	D	C	12.6	11,382
Kemper US Govt Secs	C	C	12.4	4,590
Pru-Bache High Yield-B	C	D	9.1	2,480
Vanguard Fixed Inc-GNMA	B	A	13.1	2,149
Putnam High Yield Trust	B	D	9.6	1,980

The Best Performers

Fund	Forbes rating UP	 DOWN	Cycle[6] return	Assets[7] ($mil)
Equity[5]				
Eagle Growth Shares	D	C	16.0%	$4
Oppenheimer Gold & Mins	C	F	15.6	164
Fidelity Select-Utilities	D	A	14.3	152
Pru-Bache Utility Fund-B	C	A	14.1	2,306
GT Global Growth-Pacific	A	C	13.8	170
ABT Utility Income Fund	D	A	13.4	143
Janus Fund	B	A	12.7	705
Templeton Foreign Fund	B	B	12.1	564
Berger One Hundred Fund	B	D	11.5	15
United Income Fund	A	A	11.4	1,549
Taxable Bonds				
Vestaur Secs	A	B	16.9	90
Fort Dearborn Income Secs	A+	D	16.7	106
Current Income Shares	A	C	16.2	45
Transamerica Income Shares	A+	B	16.1	122
1838 Bond-Deb Trading Fund	A+	D	15.7	53

Note: To be rated, equity funds must be in existence since 6/30/83; bond funds, 9/30/81. [1]Monthly net sales of open-end funds. Net sales are purchases by investors, including reinvested dividends, less redemptions. [2]Includes tax-free and foreign bond funds. Source: Investment Co. Institute. [3] Index of total return for the 25 largest stock funds in 1986. [4]Index of total return for the 25 largest taxable bond funds in 1986. [5]Includes balanced funds. [6]Total return (annualized), for one market cycle: equity, 8/31/87 to 3/31/90; bonds, 5/31/84 to 3/31/90. [7]As of 12/31/89.

The economists are forecasting an anemic economy for this year. Here's why that bodes well for the stock market.

WHY BEARISH IS BULLISH

By Charles E. Babin

The 1990 stock market, as measured by the S&P Composite, opened on a sour note, collapsing 3.8% during the first quarter. A majority of economists foresee bad news ahead. The consensus forecast for this year's real GNP calls for a paltry 1.7% growth—potentially the biggest slowdown since 1982. Some experts even see a recession.

Assuming the soothsayers are correct in their pessimism, now is the time to consider buying stocks.

Equity investments are always problematical. Even in the best of times. Nonetheless, committing to the stock market with recession clouds on the horizon may seem reckless, especially after two years in which equity returns have been so high: Stocks, including dividends, advanced more than 16% in 1988 and 31% last year. From this perspective it's easy to understand why many observers see the market as "overvalued" and vulnerable. But is it?

Stock market assessments often are colored by recent events. Given their success, some investors might think they'd be pushing their luck by remaining bullish. But from a slightly longer time frame, these recent performance figures aren't all that impressive. Measured against its precrash high (Aug. 25, 1987 close 336.77), today's S&P Composite stands just even (Mar. 30, 1990 close 336.69). Allowing for the 12% inflation of the past 30 months, stocks actually are lower than they were 2½ years ago.

As for the recession threat, the fact is that economic slumps usually are associated with bull markets. As shown in the table, the economy has grown at 1.7% or less on eight occasions. Of these, only two (1957 and 1974) coincided with a bear market. What's - more, the S&P's mean return during these slowdowns was significantly higher than its post-1950 norm of 13.3%.

One plausible explanation for this rests on the widely accepted theorem that stock prices are forward-looking. During economic downturns, financial markets can be expected to look for recovery. If the exceptional case proves the rule, it's interesting to note that every year listed in the table was followed by an uptick in economic activity, save for 1957 and 1974, both of which preceded recession years.

Economic slumps: bullish or bearish?

Year	Real GNP growth	S&P Composite (total return)
1982	–2.6%	21.6%
1980	–0.2	32.4
1975	–1.3	37.3
1974	–0.5	–26.5
1970	–0.3	4.0
1958	–0.8	43.4
1957	1.7	–10.8
1954	–1.3	52.7
Average	–0.7	19.3

There's reason to believe the current economic/stock market cycle will run true to form. As I discussed in my Oct. 30, 1989 column, three-month Treasury bills traditionally have provided a reliable early warning signal of impending turns in the economy. The tricky part is finding a way to anticipate interest rate changes. Fortunately, there's a solution: the T bill futures market.

Since its inception in January 1976, the Treasury bill futures market has proved remarkably accurate in foretelling the direction interest rates will go. In the most recent example, year-end 1988 futures quotations indicated that T bills would average 8.1% in 1989—a virtual bull's-eye. A fluke? Hardly. Over its 14-year history, this same exercise has been within 75 basis points of estimating the upcoming year's average bill rate—impressive precision considering this was the most volatile period in the history of interest rates.

Credit market behavior is also critical to equity returns. Imagine the impact on the stock market if interest rates doubled. Few would argue that stocks would remain unaffected. Empirical analysis of this historical relationship confirms the sensitivity of equity prices to even small interest rate changes, particularly when it comes to the cyclical auto and housing stocks. Given this correlation, investors stand to benefit by harnessing the data readily available from interest rate trends.

The bottom line is that Treasury bills have backed off their year-ago peak rate of 9.1% and have stabilized at slightly less than 8%. Today's futures market pricing suggests that this improved interest rate environment will continue into next year. If history is a guide, this picture is fully consistent with the anemic economy projected by most economists. A recession is possible. But it would be a mistake to extrapolate, since 1991 should see a resurgence of economic activity, with the depressed auto and housing sectors leading the way. As the prospect of a revitalized economy comes into focus, the stock market should not be indifferent. So conditions are ripe for a bull market to surface before year-end. Watch for rebounds in hard-hit stocks like *Chrysler* (17), *Ford* (46), *GM* (46⅛), *Masco* (25), *Maytag* (16) and *Weyerhaeuser* (26). ■

Charles E. Babin is managing director of BRS Capital Management, Inc., an investment management firm, in Boston.

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HOW SHORTCHANGED JUNK BOND HOLDERS ARE FIGHTING BACK

IF YOU'RE DYING, CAN YOU BUY A KIDNEY?

PRINCES OF INDUSTRY: WOULD ADAM SMITH PAY THEM SO MUCH?

Forbes

THE 800 TOP CORPORATE EXECUTIVES

THE POWER AND THE PAY

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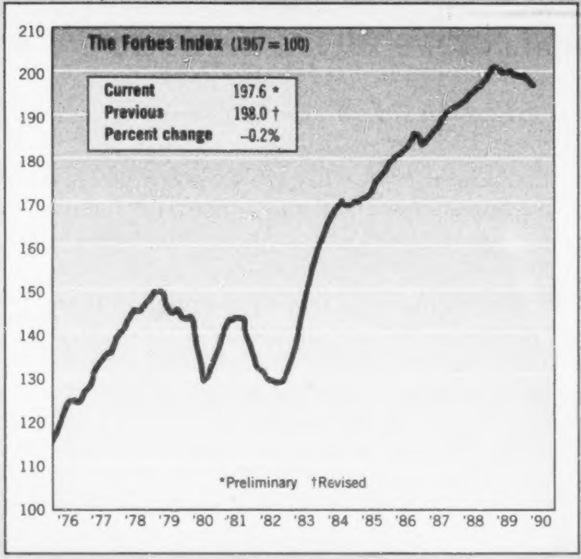
The Forbes Index



The economy is not ready to roll over and play dead. The March decline in the Forbes Index was trimmed from a preliminary down 0.4% to down 0.2%, thanks to a strong showing from several Index components. Personal income, with a 0.5% increase, posted its fourth consecutive monthly gain in March. At the same time, manufacturers' new orders rose 0.7% while inventories slipped 0.6%. The Commerce Department's index of leading indicators, not a Forbes Index component but a popular gauge of economic momentum, jumped 0.9% from February to March.

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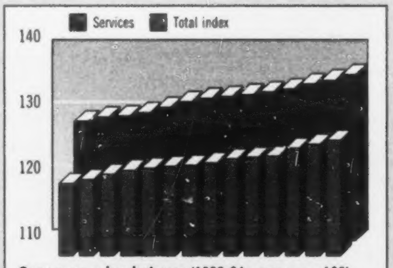
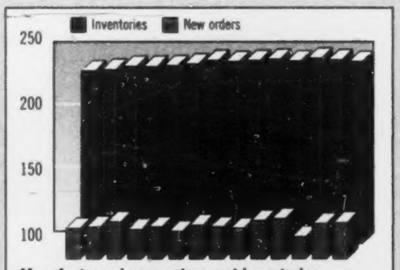
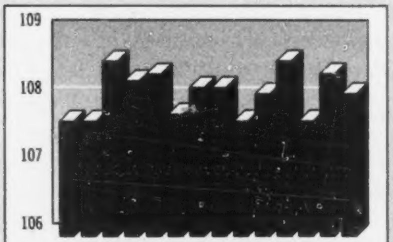


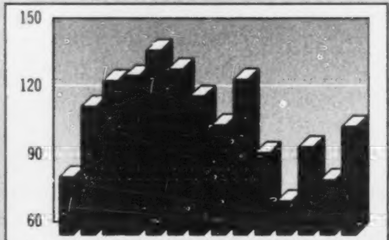
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



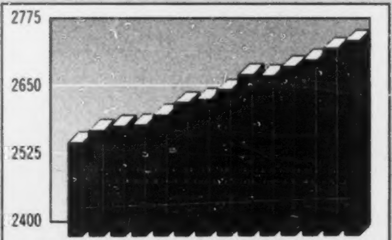
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



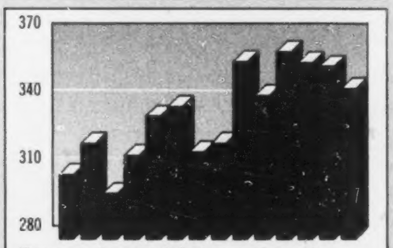
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



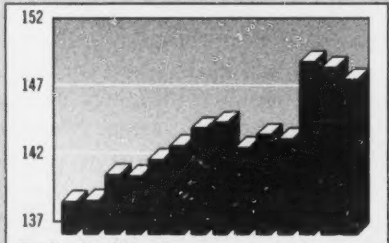
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



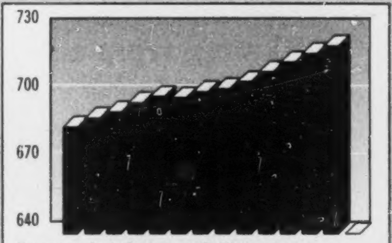
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

F M A M J J A S O N D J F M
1989 1990

F M A M J J A S O N D J F M
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1989 1990

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Where morality intersects the bottom line: W. Michael Blumenthal, one of the most resilient chief executives of our time, talks about mistakes in his 36-year career, about people who have to be fired, and about America's greatest strength.

Master of the game

By Jerry Flint

MORALITY. An old-fashioned word. What does morality have to do with the fast track and golden parachutes and stiffing junk bond holders? Maybe more than most people think. For one thing, it's the first word W. Michael Blumenthal uses when he thinks about the mistakes and regrets of his 36-year career in academia, business and government. "When did I make my greatest hiring mistakes?" asks Blumenthal, 64. " When I put intelligence and energy ahead of morality."

By morality, Blumenthal isn't referring to some narrow creed but rather to what some would call moral courage or, to use another old-fashioned word, character. He elaborates:

"In choosing people for top positions, you have to try to make sure they have a clear sense of what is right and wrong, a willingness to be truthful, the courage to say what they think and to do what they think is right, even if the politics mitigate against that. This is the quality that should really be at the top.

"I'm saying that I was too often impressed by the high intelligence and the substantive knowledge of an individual and did not always pay enough attention to the question of how honest, how courageous and how good a person the individual really was."

Blumenthal is worth listening to. Considered one of the most resilient executives in American business, he got his first big career break in 1963 when he was chosen as chief U.S. negotiator in the Kennedy Round of international trade talks. He went on to run the old Bendix Corp. in the early 1970s and later served as Treasury Secretary under Jimmy Carter. In 1980 Blumenthal took the helm of Burroughs Corp., merging it with Sperry Corp. in 1986 to form the computer firm Unisys. Since then he has been Unisys' chairman and chief executive officer.

But Blumenthal's primary concern is no longer Unisys or its lopsided struggle against rival International Business Machines Corp. Last month Blumenthal stepped down as chief executive. He will remain as chairman in an advisory capacity but spend most of his time working as a limited partner at investment bank Lazard Frères & Co., where he will help Lazard's New York operation coordinate international deals with offices in London, Paris, Tokyo and Frankfurt.

Very early in life, Blumenthal got a crash course in international relations. His family fled Hitler's Germany before World War II and was trapped in China during the war. He arrived in the U.S. in 1947, a 21-year-old stateless refugee. Perhaps it is for that reason Blumenthal sometimes sees things that others don't. At FORBES' suggestion, Blumenthal recently spent a few hours reflecting on his varied career—in government and out—and on the state of American business.

Listening to Mike Blumenthal discourse about morality, and the need for it on all levels of the business

Geoffrey Biddle

W. Michael Blumenthal, chief executive, trade negotiator, Treasury Secretary

"I don't think that greed is something that reared its ugly head only when somebody invented the junk bond."

UPI/Bettmann

With U.S. delegate William Roth at the trade talks, 1967
Blumenthal led the U.S. in the Kennedy Round.

world, the interviewer remembers that while Blumenthal headed Unisys it was involved in a Pentagon scandal, during which some of his employees pleaded guilty to bribing government workers for confidential weapons procurement data. He remembers, too, that Blumenthal's handpicked successor at another company destroyed that company—William Agee and Bendix. The Bendix-Allied-Martin Marietta drama still stands out as one of the earliest—and craziest—of the takeover wars.

"The facts and the circumstances of Bendix' demise was one of my greater frustrations and disappointments," Blumenthal confesses. When it comes to hiring senior executives, Blumenthal adds, "it's hard to be sure, and therefore you make mistakes. Any chief executive that tells you he bats 1.000 in choosing people is a liar. If you bat clearly better than .500 you're doing very well.

"First of all, you have to give yourself plenty of time to observe a person. Second, you try to test him, make sure that you ask yourself that question about common sense and morality more deliberately, rather than not focus on it. It's very difficult. Sometimes when I would evaluate a person I would say, 'Boy, this guy is smart. Boy, this guy knows his stuff. He knows his brief. And boy, he's energetic. He's good in that job. Let's promote him.'

"Obviously, if I knew he was a crook I wouldn't have promoted him. But I didn't really stop to say, 'Now, there is another requirement. What do I really know about him? Do I really know enough? Do I really know that he can handle the pressures and temptations?' I didn't even think about it. I was dazzled, occasionally, by these other qualities.

"But when it comes to the very top jobs where people have responsibility for a lot of people, you can't be sure. When the board of directors picks a chief executive, for example, or I recommend a successor, which I've had to do more than once, you are obviously gambling. Nobody can be sure. Because it is a unique job and you haven't seen the person in that job.

"Particularly the chief executive job, that's a role unlike any other. Because you see, all the way up to the chief operating officer, there's someone above you. But when you are the chief executive, the prime control and the prime governor is your own inner conscience, your sense of what is appropriate and what is not, what is right and what is wrong, what is moral, what is immoral. You have a lot of potential power for good or for bad.

"How will you exercise that power? No one will know until you've got the job. So it's pretty important to ask that question deliberately and consciously to yourself as you choose people for the top executive jobs."

Blumenthal has made his share of hiring mistakes, but he has a reputation for correcting them—fast—by firing people. He knows that every chief executive who does his job right has to fire people. His point is that it doesn't pay to dawdle: "When I became the chief executive of Bendix in 1972 I knew there was a very senior executive who I felt was quite inadequate and should not be in that job or should have been removed. But he had been a close associate of my predecessor and I had a tremendous respect for my predecessor. So I took over, and I waited a year.

"But in that year the operations he was responsible for suffered and we lost profits and we lost business. Finally, I went to my predecessor, who was still on our board, and said, 'You're not going to like this, but Mr. X is your good friend, and I'm going to have to let him go.' And I was very nervous about it.

"He looked me in the eye and said, 'Mike, I was waiting for you to do that. I knew this had to happen. I agree with you. But I was goddamned if I was going to do it at the end of my career.'

UPI/Bettmann

Leaving Jimmy Carter's Treasury Department
"In government there's no bottom line."

"I'm not a sadist. I've always hated firing people, but there is one mistake I made, and I made it more than once. When I knew I had to fire someone, I tended to drag my feet. I dreaded it. All the rationalizing that I did—'Well, let's wait another three months'—was really just that, just procrastination. I'd say in the end I did it anyway, and once it was done I always looked back and said, 'Why the hell did I wait that long?' If I had done it sooner I could have saved myself and the company a lot of trouble.

"I said to my successor at Unisys, [James A. Unruh], when you come to a decision to change the management structure, have the guts to move fast. My experience has been that waiting doesn't do any good."

Blumenthal has had the reputation of being smart but impatient—some would say arrogant.

"They say I don't suffer fools gladly. It's one of the elements of my personality that makes it difficult for some people to function with me. I don't look at myself as being too intelligent. There are a lot of people I know who are a lot smarter than I am. But I have trouble with people when I think they don't know what the hell they're talking about.

"What I lack is probably the patience to hear them out and the charity to compliment them for their effort. But at 30 I was probably a lot worse than I was at 60. I admire people who are very charitable and very patient. I tend to be somewhat more abrupt and impatient, and say, 'Listen, you're not making any sense. Let me tell you why, One! Two! Three! Four! Five!' Some people are intimidated by that kind of thing."

With all his talk about morality and personal character, Blumenthal does not join the chorus that says things are getting worse in those respects in business. He doesn't buy the media cliché about the decade of greed.

"I don't think that greed is something that reared its ugly head only when somebody invented the junk bond. As one of my former bosses in the government used to be fond of saying, 'Remember that behind every position of principle there normally resides a very specific selfish interest.' It's either money or power. So greed is nothing new."

What about those fat corporate salaries that are featured in this issue of FORBES?

"Top executives should be paid well in this society. They do important jobs. Take the 100 largest corporations and you'll find that the senior executives make somewhere between $700,000 and $800,000 in a bad year to $3 million in a good year, or typically $1.5 or $2 million."

Wouldn't it be fairer to tie executive compensation to the performance of the company's stock? Blumenthal doesn't agree.

"I think stock is grossly overrated as a motivating factor. First of all, I think that a person who holds a very senior or chief executive job would not work any less hard if he had less stock, or less effectively. Second—and I'm not talking about a real turnaround situation but a typical situation—the direct connection between a chief executive's action and the price of the stock is very, very, very imperfect. The market may go down for three years, even though he's doing everything right. So I think that a salary, a decent salary, competitively arrived at, plus a bonus for results, is a good motivator.

"Unisys last year lost a lot of money. I got no bonus. That's the way it ought to be. And my salary was $725,000. For that job, $725,000 is not competitive pay. But under the circumstances, that's all I should have gotten.

"What do I have, maybe 45,000, or maybe 60,000 or 70,000 shares of Unisys stock. That's nice. Now would I have worked any less hard if I had 100 shares? Hell no, I don't believe so. I'm not arguing against stock ownership, and I'm not saying that executives should own stock. What I'm saying is that this is not the critical motivating factor."

As a refugee Blumenthal experienced other societies, and perhaps that is why he doesn't share the pessimism about the future of the U.S. that is so popular in media and academic circles.

"The most wonderful and most important thing about this country that greeted me here when I came, that was a constant part of whatever I did in all the different jobs that I had, and that is as true today as it was then, is that in this country people are accepted for what they are. People are judged by what they can do and are accepted for what they can do, and not for who their father is or where they came from. That was why I was able to develop my talents.

Andrew Popper/Picture Group

With Sperry Chairman Gerald Probst at the 1986 merger
But Unisys isn't Blumenthal's last chapter.

"It is that openness of American society which is unique in the world. It remains a hallmark. It is a tremendous plus for this country, and it's as true for a Cuban refugee who came in the Sixties as it is for a Vietnamese refugee who came in the Eighties, or a Russian who's coming in the Nineties.

"I recall that from 1947 to 1950, when I was an undergraduate at Berkeley, occasionally people would say to me, 'Well, it is an open society, but certain jobs for a Jew are hard to get, or unlikely.' I remember their saying that that applied to Ivy League universities. They also said that applies to top jobs at the big American corporations [like Bendix and Unisys]. I'm a very good demonstration that this was not the case."

Indeed. Not only did Blumenthal run Bendix and Unysis, but he earned his masters and Ph.D. from Princeton and taught there early in his career; he will return this fall to teach again and write on international economics.

Of course, Blumenthal knows racial and sexual discrimination exist. But he points out that most of us just read about complaints and charges. We don't think of the tens of millions of women and blacks being promoted, being encouraged to use their full talents, for the first time in modern history. Says Blumenthal, "Blacks and women today are judged more and more by what they can do and not by who they are."

But neither is Mike Blumenthal a flaming optimist about the U.S. "I am increasingly concerned that the quality of public and private management in this country . . . in comparison with other countries, is declining. We're not managing our affairs as well as we should.

"We cannot deal effectively with fiscal policy. We run up huge deficits and borrow from our children and grandchildren so we can consume today. We cannot organize our affairs so that we accumulate capital. We are not providing for the same quality education for our children as some other countries do. We are unable to cope with drugs and the homeless and the decay of the cities and the infrastructure of this country, as we were effectively able to do in the Fifties and Sixties.

"We have in our history gone through periods of mediocrity. We have generally moved from that into periods of dynamism and innovation, both social and economic innovation. I'd like that to happen again sooner than later."

As a man who has occupied top jobs both in industry and in government, how does he view the differences? "The difference between working in government and working in business has to do with appearance and reality. In government, appearance is as important as reality. In business, the reality, the bottom line, determines whether you're successful or not. You can fake the profits only so long. But in government there's no bottom line, so you can be successful as long as you continue to seem successful; you can be powerful as long as you appear to be close to the power."

Blumenthal spent a total of ten years in government, first in the Kennedy and Johnson administrations and later as Treasury Secretary under Carter. As for chief executive duty in the corporate world: "After two tours, a total of 20 years running major U.S. corporations, it's time for a change."

That's not too different from Ford Chairman and Chief Executive Donald Petersen, who quit earlier this year, saying ten years was enough in the top job; now he wants to "repot" himself.

After an era where many a hired manager fought his whole career to get to the top of a FORBES 500 company and then held on as long as he could, attitudes may be changing. Is it that executives like Blumenthal and Petersen are less addicted to power than were their predecessors, or are they simply better able—financially—to walk away from the corner office? The trend, however incipient, bears watching.

Blumenthal certainly doesn't seem to miss the power. Sitting in his spartan office at Lazard Frères' Rockefeller Center headquarters, he takes a puff on his cigar and chides FORBES. Why is it, he wants to know, that our tone seems to suggest he is washed up at age 64?

Good question. In addition to teaching, Blumenthal sees one of his biggest tasks as getting Lazard Frères' far-flung offices to work together in a world where national borders count for little. "Right now they are separate firms, really doing their own thing," he explains. "We see great opportunity in leveraging each other's position in these various markets—in cross-border investments, in the dissemination of technology, in industry restructuring on a world scale."

Adds Blumenthal with his enthusiastic smile, "It's exciting to try a new incarnation." ■

How do you get to the top of the chief executive pay list? One way is to whip a blue-chip company into shape. Another is to get in early on a stunning startup.

Just deserts

By Dana Wechsler

CRAIG McCAW has gotten more attention than he enjoys the past few weeks for being America's highest paid chief executive. Last year he earned $54 million.

It's hard to argue, however, that McCaw is overcharging his stockholders, since he himself is one of the biggest, holding 9.8% of McCaw Cellular Communications stock, a stake valued at about $400 million. His three brothers together own an additional 20.2%. Almost all of Craig McCaw's net worth is tied up in the company, which his father founded in the early 1950s.

	Compensation*				
Company/chief executive	sal + bonus	% change	other	stock gains	total
McCaw Cellular/Craig O McCaw	$289	–5%	—	$53,655	$53,944
LIN Broadcasting/Donald A Pels	1,363	32	—	21,428	22,791
Lotus Development/Jim P Manzi	991	NA	$49	15,372	16,412
Reebok International/Paul B Fireman	14,606	28	—	—	14,606
BHC Commun/Herbert J Siegel	13,687	NA	14	—	13,702
Freeport-McMoRan/James R Moffett	1,359	–13	1,086	11,072	13,517
Torchmark/Ronald K Richey	1,084	35	48	11,588	12,719
Great A&P Tea/James Wood	3,193	59	2,024	5,900	11,117
Coca-Cola/Roberto C Goizueta	2,542	17	2,400	5,872	10,814
Walt Disney/Michael D Eisner	9,589	28	6	—	9,595
Anheuser-Busch Cos/August A Busch III	1,464	–5	21	7,397	8,882
MCI Communications/William G McGowan	1,325	–2	—	7,341	8,666
Ogden/Ralph E Ablon	2,000	–3	284	5,015	7,299
Merck/P Roy Vagelos	2,340	46	5	4,423	6,769
Wal-Mart Stores/David D Glass	600	—	30	6,129	6,759†
Reliance Group/Saul P Steinberg	6,265	39	281	—	6,546
Philip Morris Cos/Hamish Maxwell	1,877	13	1,771	2,805	6,453
UST Inc/Louis F Bantle	2,126	23	22	3,635	5,783
Morgan Stanley/S Parker Gilbert	5,475	24	20	—	5,495
Alexander & Baldwin/Robert J Pfeiffer	1,473	11	509	3,476	5,459
Toys "R" Us/Charles Lazarus	5,277	19	16	—	5,293
ConAgra/Charles M Harper	1,444	10	3,085	723	5,252
Interpublic Group/Philip H Geier Jr	1,705	NA	3,320	—	5,025
Paramount Commun/Martin S Davis	4,095	11	865	—	4,960
Ralston Purina/William P Stiritz	1,064	3	53	3,790	4,907

*All dollar amounts in thousands. †Prior-year data. NA: Not available.

Craig McCaw's salary, says company Vice Chairman Wayne Perry, "pales in comparison to what the stockholders get."

In fact, under McCaw's guidance the value of the company has risen from $27 million in 1980 to about $4.6 billion today. As for McCaw himself, he took a salary and bonus of only $289,000 last year, about a third of the average on this year's list of the 800 top-paid chief executives. He got his $53.6 million windfall by exercising stock options on 1.5 million shares given to him in 1983 and 1986. Why was he given the stock options? Because he led the team that transformed the company from a sleepy cable television firm into a cellular phone outfit.

The other big stockholders on this year's top 25 list *(see chart)* are Paul Fireman, chief executive and 14.7% owner of Reebok International, and Saul Steinberg, who runs Reliance Group. Fireman made more than $14.5 million last year, but his Reebok holdings are worth $290 million and his shareholders fared very well.

Steinberg hasn't done much for his shareholders lately, but if he's overpaying himself at $6 million-plus, he is the chief loser: He owns 60% of the company.

Almost half the chief executives who made this year's top 25 list run companies that have been among the blockbuster growth stories of the 1980s: Lotus Development, Reebok, MCI Communications, Toys "R" Us. Together these men helped create $20 billion in stockholder value over the past decade. So paying $5 million or $10 million a year doesn't really seem so expensive.

Note well: You can still be an organization man and get to the top of the compensation charts. Look at Louis Bantle at UST, Hamish Maxwell at Philip Morris, Roberto Goizueta at Coca-Cola, Roy Vagelos at Merck. All rose through the ranks, and all have taken blue-chip American companies and made the most of them.

Sure, there are abuses in chief executive pay scales, but a lot of well-paid chief executives have earned every dime they got paid. Those who create wealth are entitled to share in it. That's what a market economy is all about. ■

Warren Buffett loves writing big checks for his executives. He worries more about the ones who earn skimpy rewards. How can companies better match executive rewards to executive accomplishment?

Would Adam Smith pay them so much?

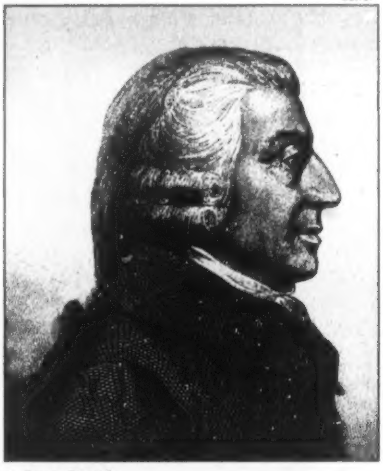
By Dana Wechsler

ON THE MORNING of Jan. 11, 1989, the four directors of the Walt Disney Co. who constitute the company's compensation committee sat behind closed doors at Disney headquarters in Burbank, Calif. Before them was a sheet of paper summarizing the terms of a new ten-year contract for Michael Eisner, 48, Disney's chairman and chief executive officer.

Speaking to the four directors by telephone, broadcast through a speaker so that all could hear, was Graef Crystal, 56, an executive compensation consultant. "If you are not comfortable with the notion that Michael Eisner may end up the highest-paid executive in the world again, and maybe by a considerable margin, then for God's sake don't approve this contract," Crystal warned.

In 1988 Eisner made $40.1 million in total compensation, putting him at the top of the pay charts. Newspapers announced it in headlines and television's highly paid talking heads had a field day talking about corporate greed. The publicity was terrible, but the fact remained that Eisner had turned Disney from a so-so company into a money machine. Since he joined the company in 1984, profits had increased from $108 million to $520 million, and the stock had ascended from $14 a share to $65. According to calculations by Crystal, Eisner had created an extra $5 billion to $6 billion of market value for shareholders, over and above normal returns of, say, 14% a year.

Culver



Adam Smith

Will the invisible hand pinch pay?

The new contract, which the committee approved, called for Eisner to get an annual salary of $750,000, 2% of aftertax profits when return on equity exceeds 11%, and 2 million shares of stock options. But it also made him assume more risk.

How so? For one thing, his bonus hurdle was raised. He still receives 2% of aftertax profits, but only those profits in excess of an 11% return on equity; that compares with a 9% hurdle before, and it's pretty tough. Most companies give executives bonuses based on return on equity about 6%.

Says Crystal, "If Eisner generates a 15% return on equity, his compensation will be less than under his old contract. But if his level of past performance continues, he may become the highest-paid chief executive in the world."

Fair enough. Eisner won't get huge rewards simply for sitting back and coasting on past accomplishments. With other compensation thrown in, the new contract brought Eisner just short of $10 million last year. Because he didn't exercise as many options as he did the year before, he dropped from first place to tenth on the all-American executive compensation list. This year others would take the heat as "greedy."

Greed? The word fits nicely in headlines and rolls easily off the tongues of $2-million-a-year TV newsreaders, but it really has no meaning when it comes to paying someone in a free market system. A dictionary definition of greed is "a rapacious desire for more than one deserves." But what does a high-performance executive deserve? Less than a top-line rock singer, movie producer, dealmaker or TV personality? Is a high-paid executive greedy but a line worker who goofs off on the job not greedy? When talking about such things most people forget how a market economy works.

Warren Buffett, the most successful investor of this era, has strong ideas on the subject of executive compensation. "If I owned all of Disney," says Buffett, "it wouldn't bother me one bit to write out a check for $40 million after what Eisner has done. What bothers me is paying $2 million to some guy who hasn't done anything. You'll never pay a really top-notch executive—Roberto Goizueta at Coke, Tom Murphy and Dan Burke at Cap Cities, or Eisner—as much as they are worth. A million, $3 million or $10 million, it's still peanuts. The problem is, executive compensation is too homogeneous. We're paying the .200 hitters too close to the .350 hitters."

The problem, then, isn't greed—how many people do you know who will turn down raises or tear up winning lottery tickets? The problem is figuring out who deserves what. That's what a market system is all about. Unfortunately, executive compensation isn't always decided by market forces.

"If you let all of the baseball players in the country decide for themselves how they would be compensated, you might have an illogical compensation arrangement there, too," reflects Buffett. "An entirely different attitude prevails toward executives than toward every other factor of production. When you are buying raw materials, renting property or hiring labor, you try to make sure you get absolutely top value per dollar paid. But the same market forces don't come to bear on top management."

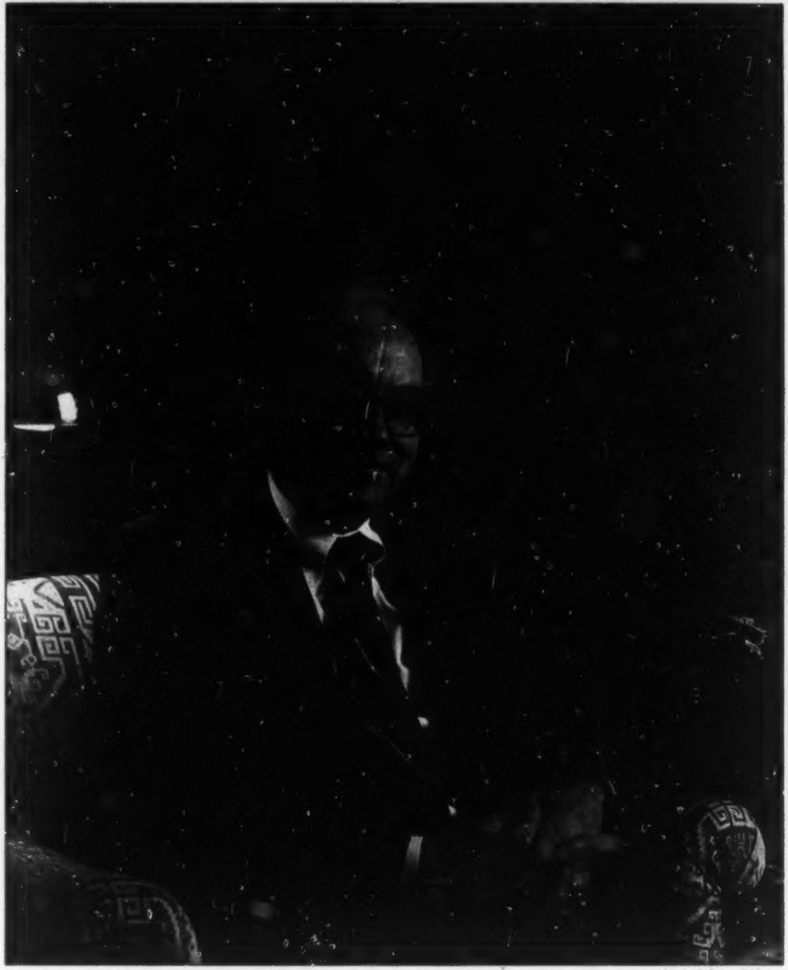
This is borne out by research conducted by professors Michael Jensen of the Harvard Business School and Kevin Murphy of the University of Rochester. Their work suggests that over the past 15 years all the talk about "pay for performance" has been mostly a cover for raising executive compensation. In fact, the compensation of the chief executives of the country's 250 largest corporations has been no more variable than the pay of a random sample of hourly and salaried workers—albeit at a much higher level.

Jensen and Murphy compared how chief executive salaries and bonuses have changed in relation to their companies' market values. A chief executive who spent $10 million on, say, redecorating the executive suite may have been wasting money and reducing the company's value, but the executive's salary and bonus would typically drop only $670 as a consequence, Jensen and Murphy found.

Compare that with Buffett, who holds a 45% stake in Berkshire Hathaway. If Buffett makes a bad decision or spends corporate money on a company ski lodge, 45 cents out of every wasted dollar comes right out of his net worth. That's a lot more than the $670 mentioned above—$4.5 million, to be exact.

That's why executive compensation is so hard to figure properly. Rarely today are executives also major owners. Rarely does their decision-making bear directly and immediately on their net worth. In 1932 economists Adolf Berle and Gardiner Means came out with their now-classic book, *The Modern Corporation and Private Property.* They wrote about a silent revolution that was as yet unrecognized, "the translation of perhaps two-thirds of the industrial wealth of the country from individual ownership to ownership by the large, publicly financed corporations." Today that's higher still.

This shift in ownership, as chronicled by Berle and Means, was leading to vital changes, including the emergence of "princes of industry" who were coming to manage huge aggregations of industrial wealth in which the investors had surrendered control. The princes of industry expected to receive a greater share of the returns than mere managers had received in the past.



Louie Psihoyos/Matrix

Berkshire Hathaway's Warren Buffett
It wouldn't bother him to write out a $40 million check for Eisner.

Berle and Means recognized that this situation, wherein ownership was partly divorced from control, would lead to a situation where the compensation of top executives would be determined as much by executive fiat as by market forces. To bolster their view, they drew on no less an authority than economist Adam Smith.

Smith had explained that the financial self-interest of every person, when left unfettered, will result in the optimal fulfillment of human desires. But in a little-noted passage in his 1776 treatise *The Wealth of Nations,* he stated emphatically that the invisible hand applied only to enterprises that were owned and managed by the same person, and not to publicly financed corporations. Of professional managers Adam Smith wrote: "Being the managers rather of other people's money than of their own, it cannot well be expected that they should watch over it with the same anxious vigilance. . . . Negligence and profusion must always prevail."

The solution, as suggested by Smith and refined by Berle and Means: Make managers feel the same rewards and the same pain as owners. Give them huge rewards when they enrich the shareholders and huge penalties when they fail them. To a degree this has been accomplished through the massive restructuring of recent years and the spread of leveraged buyouts.

But most big businesses today are still run by hired managers rather than owners. Yes, managers can be disciplined by stock options and variable bonuses. And there is the occasional firing of a chief executive. But consider this: The 800 chief executives listed in this issue made an average of almost $1.4 million in total compensation last year, more than double the $620,000 they made in 1985. For the same period earnings of the Forbes 500 most profitable companies rose only 40%.

With the advice of compensation consultants, a few boards of directors are beginning to bring the invisible hand more forcefully into the executive suite. New compensation plans are making executives share the downside as well as the upside. In short, paying them more like owners.

Ken Kerbs

Texaco's James Kinnear

You want perks? Make the money and buy your own.

Warren Buffett practices what he preaches. At his Berkshire Hathaway base salaries of Buffett's senior executives are low; the highest last year was $250,000. (Buffett's salary is $100,000.) Stock options are nonexistent, because Buffett believes that each person should be rewarded based strictly on his individual performance, not on the performance of the company as a whole.

But bonuses can be substantial. Last year several Berkshire Hathaway executives whose base salary was $250,000 received bonuses of $2 million. Others received zero.

Says Buffett: "Forty-five percent [of any bonus] comes out of my own pocket, but I love it. It's the guy who doesn't get a bonus check who bothers me."

Texaco, long one of the worst-run companies in the oil business, has been pulling up its socks since narrowly escaping a grab by raider Carl Icahn. Texaco overhauled its pay plan early last year, summarily removing a legion of senior executive perks and replacing virtually automatic bonuses with a plan that could pay out big bonuses—or none at all—depending on an individual's performance.

In the past, Texaco had been the very model of what Berle and Means described and what Warren Buffett laments: a company run for the principal benefit of those who ran it. Although Texaco executives received salaries and bonuses slightly lower than most of their competitors', they scarcely had to worry about performance targets or keeping their jobs. Bonuses were effectively guaranteed, and senior executives enjoyed all sorts of lucrative perks, including company cars and a special health benefit plan under which the company covered all medical and dental bills and provided special insurance coverage.

In 1987 James Kinnear, then a 33-year veteran of Texaco, took the top job. He knew the company needed shaking up. He brought in a New York-based compensation consultant, Frederick W. Cook & Co.

Kinnear knew that compensation consultants work for and are paid by management; it is a rare consultant who comes up with recommendations unpopular with senior managers. Kinnear and Robert Beck, former chief executive of Prudential Insurance Co. and chairman of Texaco's compensation committee, tried to eliminate this conflict of interest. They gave explicit instructions to the Cook consultants: They were working *with* management, but *for* the compensation committee. Says one compensation consultant, "For a consultant, that provides a great suit of armor."

Texaco's resulting compensation plan was launched on the first of last year. To make the changes palatable, stock options were instituted and salaries were raised slightly—about 10% for senior executives. The total bonus pool was increased, from 1% of net profits to 1% of net profits up to a return on equity of 6%, and 3% of net profits above that.

But, senior executives were told, they were going to have to give something in return. Bonuses would be earned only by meeting strict corporate and individual performance measurements. In Kinnear's case, the requirements were tough. One of them: Unless Texaco's return on capital exceeded competitors in the oil business, Kinnear would not be paid his full bonus.

Almost all of the Texaco executives' perks were taken away. The message? "If you want these things, we're giving you an opportunity to make the money and buy them on your own," explains Carl Davidson, Texaco's vice president and secretary.

In terms of stock compensation, Texaco senior executives could expect to reach their old levels only if the stock price grew at 9.5% a year, far higher than Texaco's average annual price appreciation from 1983 to 1988.

So it is clear that an effort is being made to introduce market forces into the executive suite. In an article in the current *Harvard Business Review*, professors Jensen and Murphy figure that Michael Eisner's salary and bonus under the new compensation package are ten times more sensitive to corporate results than the median chief executive of the country's 250 largest corporations.

Contracts like Eisner's might help solve one of the thorniest problems facing American business today: making sure that a chief executive and all other top executives are compensated in at least rough proportion to the results they achieve rather than merely being rewarded for reaching the top. Moving into the executive suite should not be seen as the payoff for past services but rather as the beginning of the ultimate challenge.

Corporate America's Most Powerful People

J.B. Diederich/Contact

Walt Disney's Michael Eisner

Under his new contract, he assumes more risk.

Unfortunately, it will never be possible to create a perfect equation of risk and rewards in giant corporations where ownership is widely dispersed. For example, many chief executives are called upon to make decisions with consequences that may not be measurable by the bottom line numbers for many years into the future. This is not as serious a problem in private companies, where the owners know that their heirs will suffer if they make a bad decision. But in big public companies there will always be a temptation for the chief executive to tailor his decisions to ensure a comfortable tenure for himself and to devil with the long future.

A question that no one can answer satisfactorily: How do you evaluate a decision that penalizes earnings for a few years but is intended to save the company in the future? Any such judgment will always be highly subjective. Too narrowly applied, these attempts to equate executive risk with executive reward could lead to the last thing American business needs: increased pressure for short-term results.

But greed is a red herring. A market system works on the principle of maximizing social gains by encouraging individuals to maximize their individual gains. Warren Buffett dismisses the greed argument by saying: "Then you get into whether it's right to pay Mike Tyson that much to fight or Frank Sinatra that much to sing. This is a market economy." In a market economy, the problem in executive compensation is not the often-asked "How much is too much?" but rather how do you measure correctly a sometimes intangible human contribution to a complex task? ■

The high price of advice

A lot of people ask whether chief executive officers are paid too well for their services. But what about boards of directors? How well are they paid?

Company	Minimum outside directors' fees
PepsiCo	$65,000
Time Warner	60,000
IBM	54,700
Coca-Cola	54,600
Exxon	52,000
Atlantic Richfield	51,000
Primerica	50,000
Gannett	48,750
Sears, Roebuck	48,100
American Express	48,000
Bally Mfg	47,000
Masco	46,750
ConAgra	46,000
Amerada Hess	45,750
Eastman Kodak	45,200

Very well, according to a FORBES survey analyzing the proxies of the 800 corporations listed in this issue. For example, just for being on the board, Time Warner directors get $60,000 a year in cash and restricted stock. On top of that, they get $2,500 for attending each special board meeting. Doesn't sound like a board likely to give strong-willed Co-Chief Executive Steven Ross much argument.

Another sweet seat is Exxon. Outside board members at the oil giant get $52,000 a year. But we checked Exxon's proxy a little closer and found a sweetener: In 1989 board members who were not Exxon employees were awarded 1,500 shares of stock. That's a $75,000 windfall, based on Exxon's 1989 closing price. And Exxon is not alone. A year earlier PepsiCo rewarded its loyal outside directors with as much as $150,000 in stock.

The most generous corporations typically offer another perk for outside board members: a retirement plan. At Eastman Kodak, for example, outside directors who have served at least five years on the board receive annual "retirement" payments equal to about half the base compensation they got as directors. Gannett starts with a 50% retirement benefit for five years of service and increases this to 100% for ten-year veterans.

The table lists the 15 best-paying board positions found in our research. The figure cited for each company is the minimum compensation a person could expect from being an outside board member. But it is not unusual for outside directors to pull down thousands more by serving on finance or compensation committees.

We're not saying that these folks are not worth what they are getting. But how likely are they to question the hand that feeds them?—**Warren Midgett**

For chief executives, turning around a troubled company is the toughest task by far. Here are 25 who did it—with stellar results.

Is there a doctor in the house?

By Reed Abelson, Edward Giltenan, Spyros Manolatos and Katarzyna Wandycz

Are chief executives worth the big paychecks they often draw? Some are, some aren't. Among the ones who do earn their keep—and more—are those chief executives who succeed in taking a troubled company and restoring it to health. In doing so they may save thousands of jobs, help keep the flag of U.S. industry flying, and, for their stockholders, create hundreds of millions, even billions, of dollars in market value. Who would begrudge such talented individuals a handful of millions in a society that rewards TV newsreaders, second-rank rock 'n' rollers and negligence attorneys on a far grander scale?

Those who guide a successful turnaround often pay a heavy toll in too-long hours, ceaseless travel, stressful decision making and taking the heat for measures that cause friends and associates great pain. Often thousands of people must be laid off, old businesses closed and new ones bought or started from scratch—with no guarantee of success. This is the stuff that can cause ulcers and sometimes heart attacks. William McGowan, chief executive of MCI Communications Corp., was unable to be interviewed for his profile; he suffered a heart attack in 1986, had a heart transplant and is now recovering from chest surgery.

The 25 chief executives profiled in the following pages head companies that have achieved impressive turnarounds during their stewardships. As a group they earned over $50 million last year. That came to an almost invisible proportion of the value of the jobs they saved, the market value they created.

If, as many people hope, the painful corporate restructurings of the 1980s have better prepared U.S. industry for the 1990s, it was the work of people like those listed below who were the sometimes unsung heroes.

Stick with the doll that brung ya

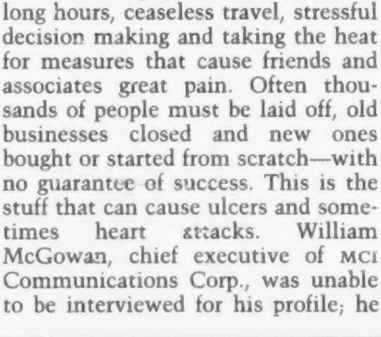
John Amerman bristles at the suggestion that Mattel has not had any blockbuster toys lately. "I show skeptics the Barbie numbers. That's my definition of megahit," says Amerman, 58, chief executive of the once troubled toymaker.

Barbie? A megahit? Not compared with the Cabbage Patch dolls of 1984 or today's Teenage Mutant Ninja Turtles. But Barbie's numbers do look good: Cabbage Patch has faded and the Turtles have yet to demonstrate staying power. Since 1987, when Amerman took the reins at the Hawthorne, Calif.-based toy firm, Barbie sales have increased 40%, to $600 million last year. Introduced in March 1959, Barbie has grossed billions of dollars for Mattel over the past three decades.

Under Amerman, Barbie is lending her name to everything from notepads to perfume. Fashion designer Bob Mackie came up with a gold-sequined gown for a Barbie doll that retails for $120. Amerman has gotten mileage out of other favorites like Hot Wheels matchbox-size metal cars.

In yet another exploitation of the golden oldies, Amerman signed a deal in 1987 to make infant and preschool toys based on popular Disney characters like Mickey Mouse and Donald Duck. Last year the Magic Kingdom line raked in $135 million.

Mark Sennet



John Amerman

Mattel

$1,737,000

So far, so good. Mattel earned $80 million last year, and earnings are expected to rise 30% more this year. Mattel's stock, which sank as low as 6¼ in 1988, recently traded at 22.

When Amerman took over three years ago, he could see the company had grown fat—its overhead was high and new toys were flopping. In 1985 Mattel had bet heavily on miniature action figures like Masters of the Universe. But they fizzled, leaving Mattel with truckloads of unsold inventory. In 1987 things had gotten so bad Mattel reported a record loss of $113 million.

As is common for rising young executives, Amerman made a name for himself running overseas operations. In the seven years before stepping into the chief executive's slot, he quadrupled Mattel's international sales by pushing old favorites. He figured the same strategy could work in the U.S., and he was right. Instead of gambling on risky new product introductions, which can bomb totally, he concentrated on exploiting proven successes. Barbie is the classic example.

But turning Mattel around wasn't simply a matter of dusting off proven performers. Amerman stepped up market research and sharpened Mattel's advertising, testing every commercial for effectiveness before it airs.

Twenty-five years ago Amerman helped create the popular White Knight commercial for Colgate-Palmolive's Ajax detergent. Today, unprompted, Amerman belts out the tag line: "Stronger than dirt."

Making prairie dust into gold dust

For a man making fat profits, Hans Becherer sounds awfully worried.

"It's part of my challenge to make sure complacency doesn't set in, to maintain a sense of urgency as we pursue excellence," says Becherer, 55, chief executive of Deere & Co.

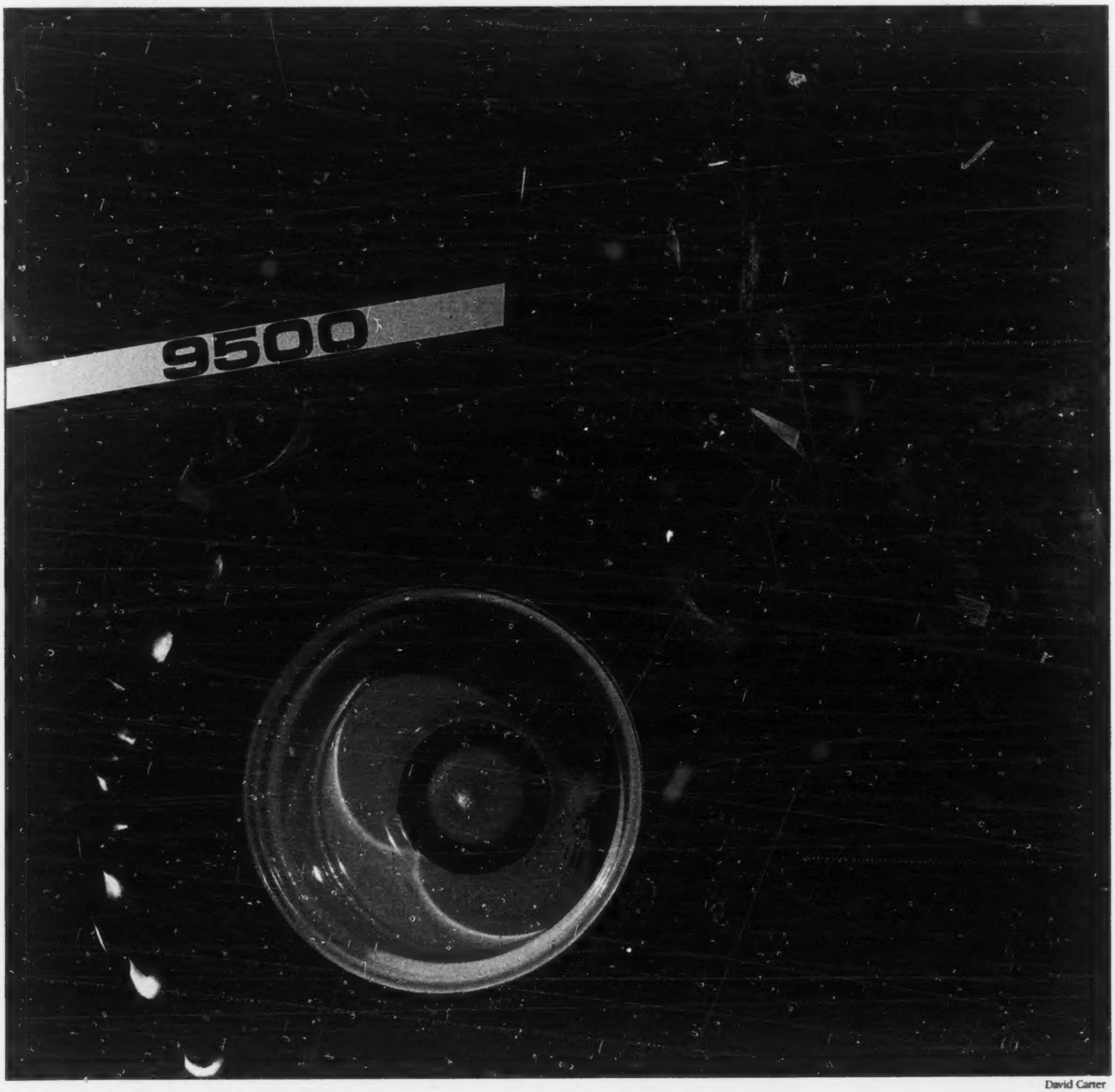
But complacency was the least of Deere's problems earlier in Becherer's stewardship. For much of the 1980s, farm equipment was in a recession bordering on depression. Deere lost over $200 million in 1986. Sales slumped 13%, to $3.5 billion.

But Deere was better positioned than many competitors to withstand the long dry spell in the U.S. farm economy. Deere held a strong presence overseas, and this paid off in the lean years. Even when many U.S. farmers couldn't scrape together enough money to buy a pitchfork, counterparts in Germany and Australia were expanding. This shows in Deere's results: Foreign sales have

Hans W. Becherer

Deere & Co.

$978,000



David Carter

more than doubled since 1984, while U.S. sales have gone up by only 40%.

Deere's diversification into financial services and insurance helped offset the weakness in the company's core U.S. business.

Under Robert Hanson, chief executive until last year, Deere learned how to make more from less. It cut its work force by 40% and continued heavy capital spending. Rather than close plants, Deere chose to "downsize in place," shutting down only unneeded sections of many factories.

Management was careful to cut fat, not muscle. R&D, which costs Deere about $200 million a year, was left intact. Product development remained a priority, including home gardening equipment, where Deere was making a name for itself. Nothing like one of those tiny Deere tractors to make cutting the lawn fun again.

As Deere struggled with the slump, rivals were decimated. Deere's number two and three competitors, International Harvester and Massey-Ferguson, were swallowed up. Harvester's farm machinery business was sold to Tenneco. Smaller farm machinery companies went out of business.

So when the rain finally fell on Deere's parched market, the company was in a position to reap what it had sown. Deere had the capacity and the products, and bounced back with the market. With industry volume up just 20% from its 1986 trough, Deere last year brought in profits of $380 million on revenues of $7.2 billion. Shareholders are getting a nice slice of the bounty, too; Deere stock rose to a recent 74, triple its 1986 low.

Worry, worry. Now Hans Becherer is worrying about getting complacent. Says he, "It is the prudent and wise and visionary management that is able to energize a corporation to keep improving, even in good times."

"I wasn't wedded to the past"

Stroll down the aisles of any supermarket, and you are likely to see the turnaround strategy of Reynolds Metal Co. Near the company's old standby, Reynolds Wrap aluminum foil, the shelves are stacked with Reynolds plastic wrap, Reynolds sandwich bags, Reynolds freezer paper and Reynolds storage bags. Line extension, it's called in packaged goods, but metals producers never used to think like packaged goods producers. Now they do.

Walter Calahan

Soon there will be many more Reynolds packaging products, vows William Bourke, 63, the company's chief executive since 1986. Bourke came to Reynolds in 1981, having been passed over for the presidency of Ford Motor Co. Says he, "When I joined Reynolds I didn't know much about the aluminum industry. But I quickly realized that Reynolds' brand in packaging—the oldest and best-known name in aluminum foil—was an asset that we could build on."

Last year consumer products brought in some $725 million, or about 12% of Reynolds' $6.2 billion in total sales. Bourke hopes the figure will grow to $1 billion soon with the introduction of garbage and trash bags—plus an acquisition or two.

While rivals like Alcoa and Alcan Aluminium sell the bulk of their output as aluminum sheet or ingot, Bourke has pushed Reynolds into more complex products. Altogether 40% of Reynolds' sales last year came from finished goods, including consumer packaging and aluminum cans. Such businesses tend to be far less cyclical—and far more profitable—than basic aluminum smelting.

William Bourke

Reynolds Metals Co.

$2,226,000

How different this looks from the early 1980s, when Bourke first joined the company as executive vice president in charge of operations. Back then Reynolds was skidding in the downcycle; it reported a $24 million loss for 1982. Equally worrisome, Reynolds was accumulating excess inventory, production costs were high and the company was hampered by its badly outdated facilities.

As an outsider, Bourke was able to take a fresh look at the business. "I wasn't wedded to the past," he recalls.

Indeed. Bourke closed down 12 plants, incurring writeoffs of some

Rocky start, smooth finish

How's this for a way to begin your tenure as chief executive? "Some companies in our condition would have declared Chapter 11. I resolved that we would not."

That's Robert Boni, remembering his first days at the helm of Armco, the nation's fifth-largest steelmaker. Since Boni took over five years ago, Armco has not only avoided a bankruptcy filing but has returned smartly to profitability—quite a feat considering the company had losses totaling $1.7 billion between 1982 and 1986.

Much of Armco's trouble can be blamed on ill-fated diversification efforts by Boni's predecessors. Getting into oil drilling and insurance, it turned out, proved to be frying-pan-to-fire moves. As demand for steel was slumping in the early 1980s, both the oil and insurance businesses ran into serious troubles of their own.

Boni is an engineer by training who joined Armco in 1956 and rose through its research ranks. But slashing, not engineering, was what his new job called for. Boni had to cut the work force in half, to 19,000, and sell almost all Armco's operations outside the steel business.

Getting out of insurance hasn't been as easy as getting in. First he curtailed Armco's reinsurance business. As for its property and casualty lines, Boni hopes eventually to sell them, but first wants to spruce up the business so he can get a good price. Through hard negotiations with state insurance regulators and claimants—and the sale of some insurance operations—Boni has so far cut reinsurance claims against Armco to $900 million, half 1985's figure. In this, he undoubtedly drew upon his experience in the 1970s negotiating Armco out of some costly iron ore contracts.

Steel? Last year Armco sold 40% of its carbon steel business to Japan's Kawasaki Steel for $350 million. The deal raised cash and gave Armco access to Kawasaki's advanced technology. Using this new technology, Boni hopes to push the company further toward specialty steel—things like stainless steel for automobile exhaust systems and electrical steels for power transformers. Equally important, the Kawasaki tie could get Armco's foot in the door at the Japanese auto plants now sprouting up in the U.S.

Boni has also invested in capital improvements, including a highly efficient continuous casting operation. Earlier this year only 55% of Armco's output was produced by modern continuous casting. Today, with the new plant up and running, that is up to 77%. Future collaborations? Armco just signed two joint venture agreements with Acerinox of Spain to produce stainless steel in the U.S. and market it in Europe.

So Armco is on the rebound, earning $165 million last year on revenues of $2.4 billion. The stock recently traded around 9¼, compared with a low of 4 in 1986.

Boni, an Ohio native, credits his research training for his success at Armco's top job: "You have to tie together research and strategy. Then you have to establish an environment in which people are willing to put their ideas on the line." His job almost complete, the 62-year-old chairman will retire in a few years, handing the reins to Robert Purdum, 54, recently named chief executive. Thanks to Boni, Purdum's ride in the chief executive's chair should be smoother.

Jodi Buren

Robert Boni

Armco

$1,165,000

Great-grandpa can smile again

If your back is up against the wall, it is not quite as difficult to come up with the right answers. You do the job or you're dead." That's what W.R (Tim) Timken Jr. told FORBES two years ago when his company was in the midst of its turnaround effort.

As chairman of Canton, Ohio-based Timken Co., the ball bearing outfit his great-grandfather founded in 1899, Tim Timken knew what he was talking about. His back was very much against the wall in 1982, when his company had a loss of $3 million, its first since the Depression.

What was the problem? Timken's customers, making everything from automobiles to space shuttle landing gear, were feeling the effects of the 1981-82 recession. Worse, Japanese and European competitors were profiting from the strong dollar, flooding the U.S. with cheap ball bearings.

Many of the turnaround artists celebrated in these pages dealt with similar situations by either diversifying or getting out of their original businesses entirely. Timken chose a tougher path. He persuaded the board that the company's salvation lay in counterattacking in its traditional markets—bearings and specialty steel. The company invested in a new $450 million steel plant, one of the most technologically advanced in the world. This helped enhance the quality of Timken's bearings: Now the company is assured of purer steel. A Timken bearing today lasts four times longer than one made five years ago.

As crucial as Timken's strategy on the factory floor, though, has been its

Scott Goldsmith

W.R. (Tim) Timken

Timken Co.

$520,000

lobbying in the halls of Congress. After much urging by Timken, the U.S. in the fall of 1987 imposed hefty duties on tapered roller bearings imported from six nations, including Italy and Japan, the worst price slashers. That was especially important to Timken, which holds 70% of the U.S. market for tapered bearings (which consist of two concentric steel rings that spin smoothly on a row of cylindrical rollers between them).

Last year profits were $55 million on revenues of $1.5 billion.

With the Timken family still holding a 19% stake, the company is run like a private concern, and management prides itself on taking the long-term view. For instance, Timken vows never to let up on research and development spending, which amounts to 2.4% of sales, as against 1.5% for the average American manufacturing firm. Tim Timken, 51, puts it this way, "It's not in the shareholders' long-term interest to maximize profits in the short term."

Grazing for groceries

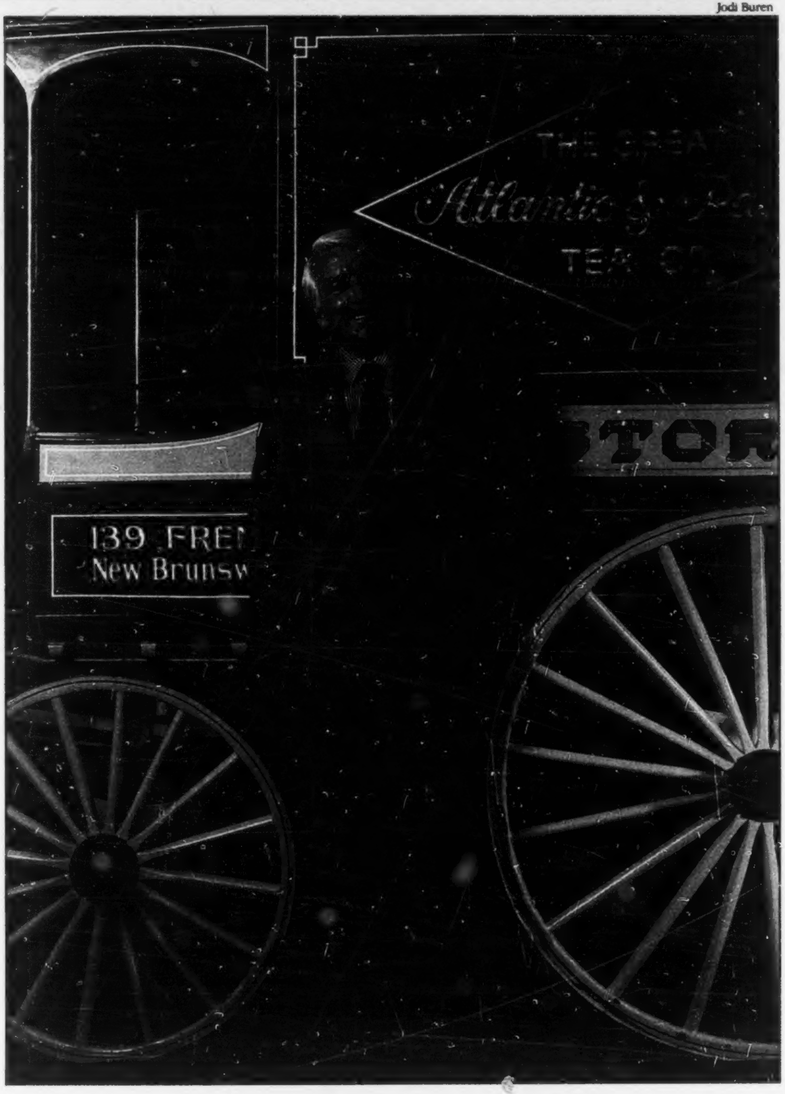
James Wood, 60, epitomizes the global 1980s. Born in Newcastle-upon-Tyne, England, he apprenticed as a manager under takeover baron Jimmy Goldsmith in the 1970s. Then he struck it rich by breathing life into a tired American company.

The company is A&P, the onetime grocery giant, now 52% owned by Germany's Tengelmann Group. Not long after buying into A&P in 1979, the Germans hired Wood, who had previously run New Jersey's Grand Union stores for Goldsmith. For every $1 increase in A&P's value over a five-year period, Tengelmann offered to pay Wood 5 cents. It was a rich deal for a tough job.

Recalls Wood, "The stores were dowdy, unattractive, with no merchandising flair. Everybody had given up on this company."

That includes investors. A&P reported a loss of $232 million in 1981, its deepest ever; A&P shares slid to an alltime low of 3½ on the New York Stock Exchange.

Slowly, Wood remade the company. Today almost all of A&P's 1,216 stores are either new, recently acquired, enlarged or remodeled. Wood funded the renovations with cash flow raised mainly by closing 500 laggard stores and selling off valuable long-term leases.



Jodi Buren

James Wood

Great Atlantic & Pacific Tea Co.

$11,117,000

Under Wood, A&P's earnings have been increasing at a rate of 22.5% a year for the past ten years. Its sales have nearly doubled, to $11 billion in fiscal 1989. Since the early 1980s A&P's net margins have nearly tripled, to 1.30%, well above the industry average of 1.04%.

"It's the acquisitions that made us in the past ten years," says Wood. Indeed, Wood spent some $500 million to acquire several new grocery store chains, including Waldbaum's, Shopwell and Borman's. In fact, only about half of A&P's stores are actually called A&Ps today. Wood's acquisition strategy: "I buy companies that are cheap, but that have a lot of risk, and are a lot more difficult to turn around."

Example: A&P today owns Shopwell—a 54-store grocery chain bought in 1986 for $70 million—because the company was put up for sale after it floundered badly in its own efforts to move upmarket with 24 Food Emporium stores. Under Wood's management, Food Emporium's sales are growing at nearly 16% a year.

"It has become one of our blue chips," says Wood, adding by way of explanation: "We format less for the population that goes for cans and packages." Instead, Wood sells more bakery items and gourmet brands—that's where the profits are. Nowadays almost all of A&P's stores offer seafood, and they also generally have delicatessen and take-home sections to cater to America's overworked couples.

Lately A&P's growth has slowed. In the fiscal year ended February 1990, for instance, the company earned $147 million. That represents a 15% year-over-year earnings rise, as against 20%-plus increases in previous years. The way to boost earnings quickly, Wood knows, is to buy more stores and upgrade them. So don't be surprised if he moves on that front soon. Among other possibilities, A&P is said to be negotiating to buy a Toronto-based grocery chain, Steinberg's, with estimated revenues of $1.2 billion.

Wood, who last year signed a contract to stay with A&P for an additional five years, says he hasn't tired of the chase. His ultimate goal: to boost A&P's profit margins to well over 2%, surpassing Albertson's as the nation's most profitable grocery chain. That sounds like an echo from the dear dead past, when A&P was so powerful that the federal government tried to break it up as a monopoly. Before the case lumbered to trial, A&P had all but collapsed. Wood is determined to make the company formidable again.

Pull the trigger, Skip

Even a few years ago, M.A. Hanna Co. looked pretty much the same as when it was founded over 100 years ago by "Dollar Mark" Hanna, the Ohio industrialist who just about invented modern political fundraising while financing William McKinley's presidential victory. Very quaint. But for a company like M.A. Hanna, being stuck in the past meant it was headed for oblivion.

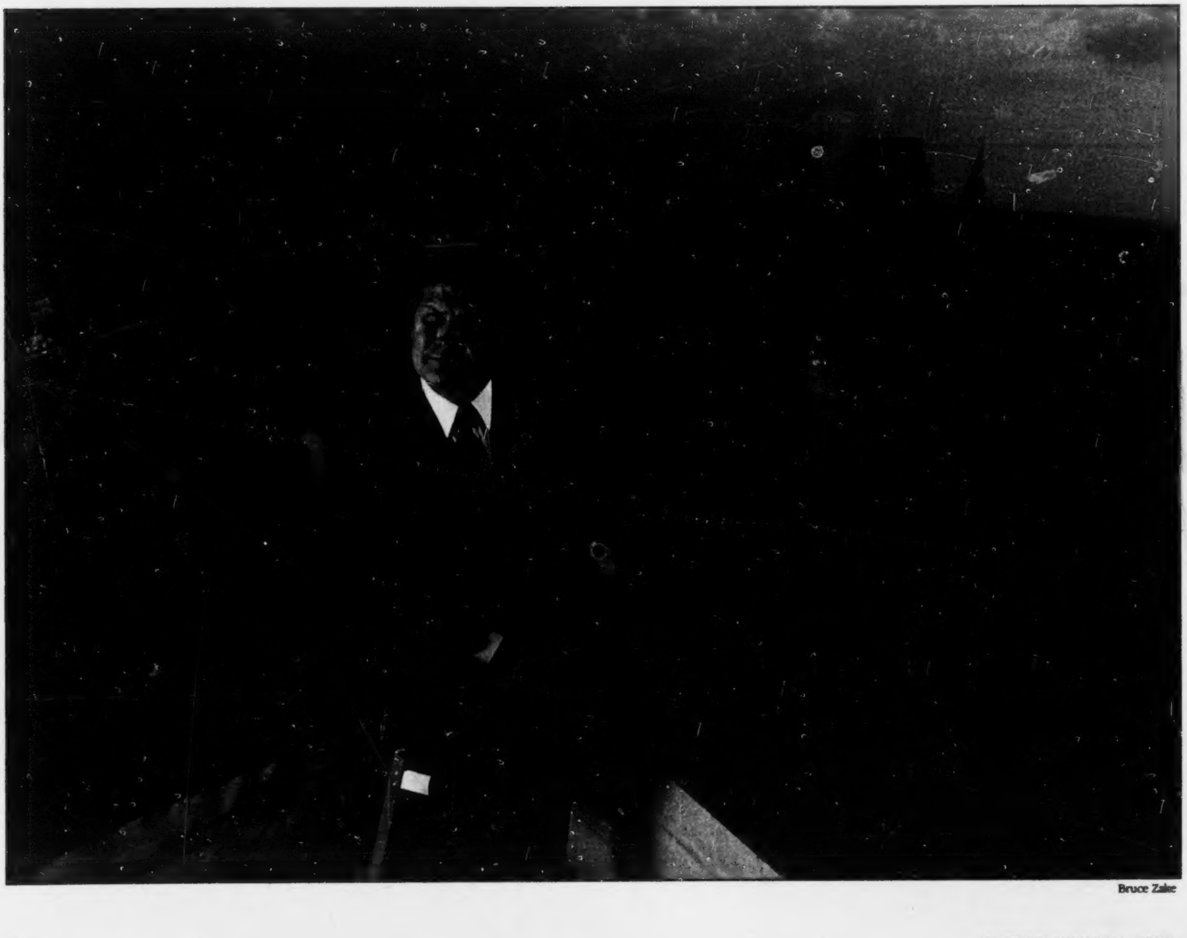
Then, in 1986, Martin (Skip) Walker was named Hanna's chief executive. At the time Hanna was getting virtually all of its sales from sluggish industries like mining and oil drilling; it posted total losses of more than $300 million between 1982 and 1986. Walker, now 57, a stocky, no-nonsense native of Indianapolis, had earlier realigned Rockwell International's nondefense operations, buying and selling industrial electronics operations and auto parts companies. Now he had a whole company to turn around.

And that's exactly what he did. Today Hanna gets 95% of its revenues and 65% of operating profits formulating specialized plastics for everything from wastebaskets to fountain pens to car dashboards. Unlike mining and oil drilling, these businesses are growing at more than two times the rate of the gross national product.

Martin Walker

M.A. Hanna Co.

$1,013,000



Bruce Zake

At first Hanna's senior managers resisted change. Recalls Walker: "I told the old-timers that, under those conditions, Mark Hanna would have done the same thing I was doing."

Like many an executive who has engineered a corporate transformation, Walker knew he had to move fast. Says he, "Hanna needed someone to pull the trigger, and I like action, not sitting around talking."

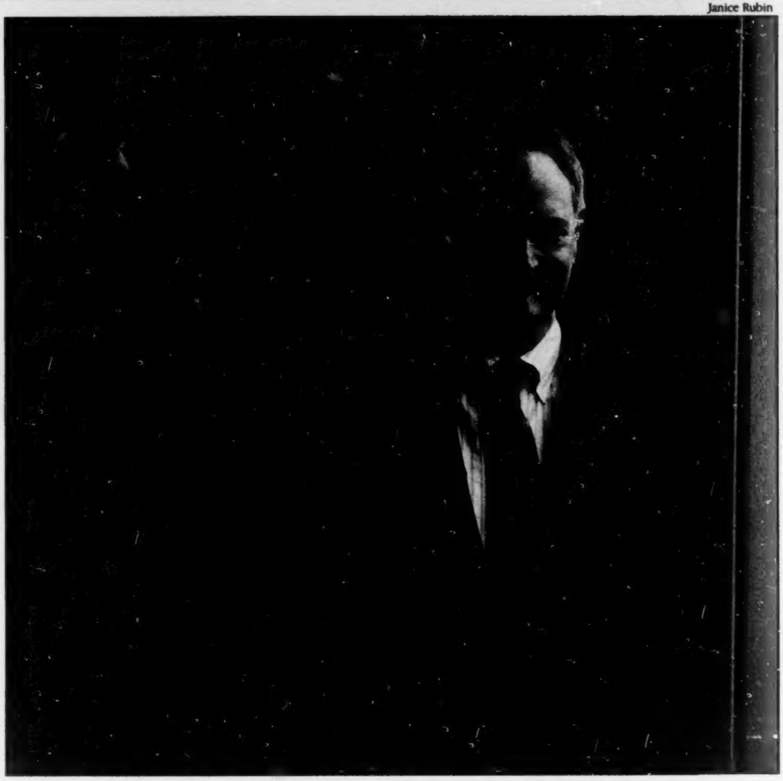
In December 1986, four months after taking over, Walker bought Burton Rubber Processing, a polymer compounder, for about $70 million. That summer came Allied Color Industries and Avecor, two small processors of plastics colorants. Then Walker made his biggest acquisition, spending $375 million for Day International, a leading processor and distributor of polymers. Before the year was out he bought PMS Consolidated, the world's largest processor of plastics colorants. Thus, in only four years, Hanna had become one of the nation's leading polymer companies and had $1 billion in sales.

To pay for the acquisitions, Walker borrowed heavily. This was relatively easy because the conservative old company had been, if anything, underleveraged. Long-term debt jumped from 16% of capitalization in 1985 to 50% in 1987. It has since been whittled down to 20%, as Walker floated more stock and channeled a growing cash flow into debt repayment.

Since 1987 Hanna's financial results have been consistently in the black. Last year the company earned $87 million on sales of $1.1 billion.

Today Hanna is almost completely out of natural resources. And the old mining hands who remain at the company? Beams Walker, "They're proud of being part of the new Hanna."

Janice Rubin



A. Clark Johnson

Union Texas Petroleum Holdings

$1,497,000

Phew!

Who can blame Clark Johnson for being relieved the 1980s are over? The 59-year-old chief executive managed Union Texas Petroleum Holdings through tough times—for both his industry and his company. But Union Texas not only survived, it prospered.

Last month Union Texas was put up for sale by Kohlberg Kravis Roberts and Allied-Signal, each of which owns a 40% stake. Likely selling price: over $2 billion.

Johnson's tough times began back in 1985, when he teamed up with KKR and Allied to take Union Texas private in a $1.7 billion leveraged buyout. Running the second-largest independent oil and gas producer in the U.S. is no easy task under any circumstances, and having interest payments of up to $90 million to meet each year made it even tougher.

How tough? Picture Johnson on a tightrope, and then picture on the other end a 500-pound gorilla bouncing up and down. That gorilla was the oil and gas market, which started giving Johnson hassles shortly after the Union Texas buyout.

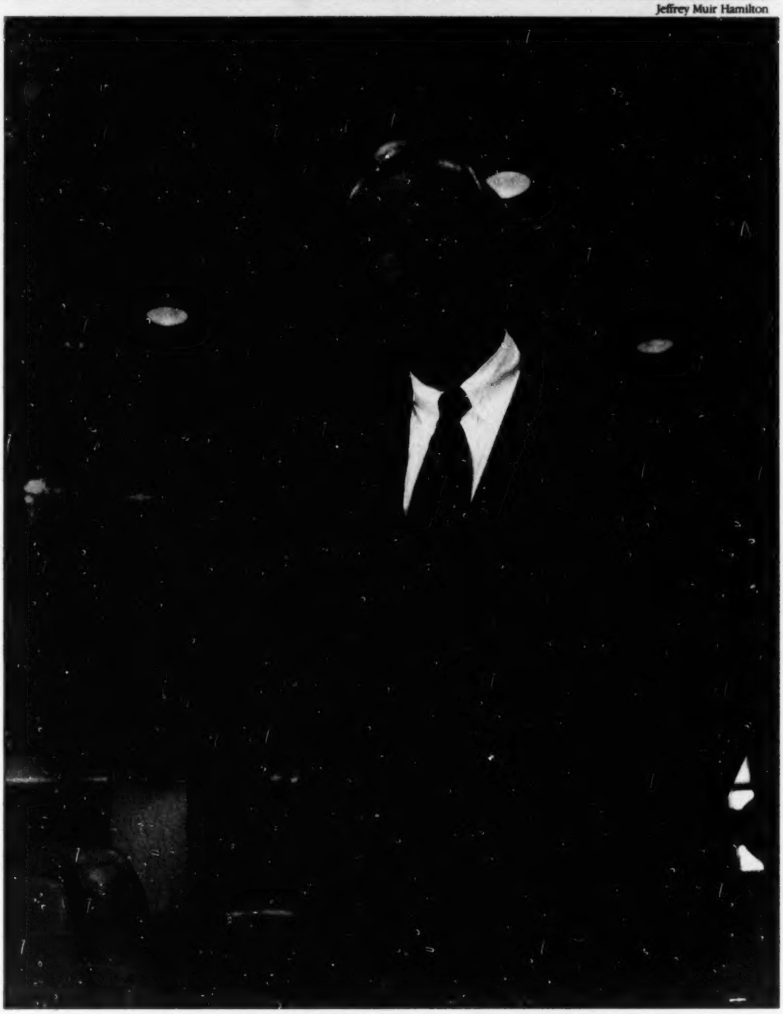
With oil and gas prices dropping sharply in early 1986, Union Texas revenues fell by over a third. Then, because of softening gas prices, Union Texas had to take a $105 million writeoff for gas reserves in one of its partnerships. Add that to more than $230 million in depreciation, depletion and amortization costs, and the result should be no surprise: a $57 million net loss for 1986, the company's worst year ever.

Johnson did the dirty work, cutting the payroll by a third, cutting exploration and development spending by 40%, selling marginal properties.

He also raised money by selling stock. In a market skittish about oil shares, Union Texas managed to raise $252 million in 1987, but at the cost of giving up 20% of its equity to the public. Shareholders had a close call: Union Texas lost more than 50% of its North Sea production after a 1988 explosion; but it turned out that Johnson had shielded earnings by taking out business interruption insurance. Thank you, Clark.

When the oil market finally recovered, Union Texas was ready. Last year it enjoyed a record $170 million in earnings on revenues of $1.2 billion. Analysts predict the company's profits will grow at a 15% annual rate over the next five years. Union Texas stock recently surged to 20, near its alltime high.

After a sweaty five years, you might think Clark Johnson is due for a rest. Not so. Right now he is flying around the world, visiting Union Texas' far-flung plants, assuring his employees that even after the buyout, it will be business as usual.



Jeffrey Muir Hamilton

Douglas C. Yearley

Phelps Dodge

$1,822,000

Flying (coach) through the storm

When Douglas C. Yearley travels these days, he flies coach. As chairman of Phelps Dodge, the nation's largest copper producer, Yearley can easily afford first class. After all, his company earned hefty profits last year on revenues of $2.7 billion. But Yearley, 54, has learned some tough lessons about cost-cutting the past few years, so he flies three-abreast to drive the lessons home to his employees.

Phelps Dodge was in deep trouble about five years ago. The world price of copper had dropped to 65 cents a pound—15 cents less than it cost Phelps Dodge to produce the stuff. Yearley, who was a senior vice president at the time, conducted a study of the copper market. His conclusion: Copper prices would remain depressed for some years to come. But with Phelps Dodge posting losses of about $25 million a quarter, the company couldn't afford to wait out the downcycle.

Under the leadership of Yearley's predecessor, G. Robert (Bull) Durham, Phelps Dodge in 1985 began selling assets, shutting down operations and laying off employees. The company withstood a bitter yearlong strike, managing in the end to break a violent union that had forced an unrealistically high cost structure on the company. Headquarters were relocated from plush Park Avenue offices in Manhattan to cheaper digs in downtown Phoenix. Even the chairman began sharing a secretary and, to save additional money, all executives were asked to fly on the cheap.

As overhead costs dropped, the company expanded its use of a more efficient copper refining technology, called solvent extraction/electrowinning. This process helped Phelps Dodge cut its copper production costs to about 60 cents a pound, making the company competitive with any producer in the world.

But in a cyclical business like copper, there is always the next downturn to worry about. So management bought a gaggle of heavy manufacturing businesses, all with healthy market share. The idea was to provide Phelps Dodge's mining operations with a steady flow of earnings that could act as a buffer against the cyclical slumps in the copper business. The new manufacturing operations, including makers of carbon black and steel truck wheels, are expected this year to account for just under half of Phelps Dodge's $300 million or so in profits.

Shareholders have been amply rewarded not only by Phelps Dodge's turnaround but by a rebound in copper prices, to about $1.25 a pound. The company's stock, recently trading at about 58 on the New York Stock Exchange, has more than quadrupled from its 1984 low. Flush with cash, the company last October paid a special $10-per-share dividend to shareholders.

But don't expect Yearley to stop flying coach or sharing a secretary. Says he, "When you're in a cyclical business and you've been through the storm we came through, I think you tend to be conservative."

Trial by fire

"It felt like I was looking down the barrel of a gun." So says William Goessel, 62, recalling his first few weeks at Harnischfeger Industries back in 1982. In the midst of a national recession, few people wanted to buy the Milwaukee company's industrial, mining and construction equipment. Harnischfeger's inventories were bloated. Some plants were operating at less than 20% of capacity.

"I joined in August, and they told me the first week that we would be running out of cash on the 23rd of

September," says Goessel, who had been executive vice president of Beloit Corp.'s paper group before joining Harnischfeger. "And then in August we discovered that we were in technical default on $175 million of debt."

Forget reported earnings: This was a protect-the-cash-flow operation. That first month Goessel laid off about 800 of the company's 5,100 workers. He didn't order any new materials, and he aggressively sold off inventory. Later he sold Harnischfeger's ailing construction equipment business, which had once accounted for about half of the company's sales.

In 1984 Harnischfeger finally reported a profit. By 1986 Goessel was ready to start reinvesting in the business. He spent $175 million to buy his previous employer, Wisconsin-based Beloit, which manufactures papermaking equipment and had interests in, of all things, peanut farming.

William Goessel

Harnischfeger Industries

$906,000

Goessel knew what he was doing: He had started his career at Beloit as a foundry technician and stayed 32 years. "Beloit was a wonderful company that made some poor choices in diversification," he says, "but the paper segment was always very strong."

Seven months after the acquisition, Goessel sold a 20% Beloit stake to Mitsubishi for $60 million. Why the rich price? The Beloit takeover, as it happened, coincided with the beginning of the worldwide boom in the paper industry.

Time for more acquisitions. Goessel bought Syscon Corp., a maker of defense-related computer systems, for $92 million. He also got more aggressive about selling spare parts for all the equipment Harnischfeger makes; this replacement business now accounts for some 25% of Harnischfeger's $1.5 billion in total sales.

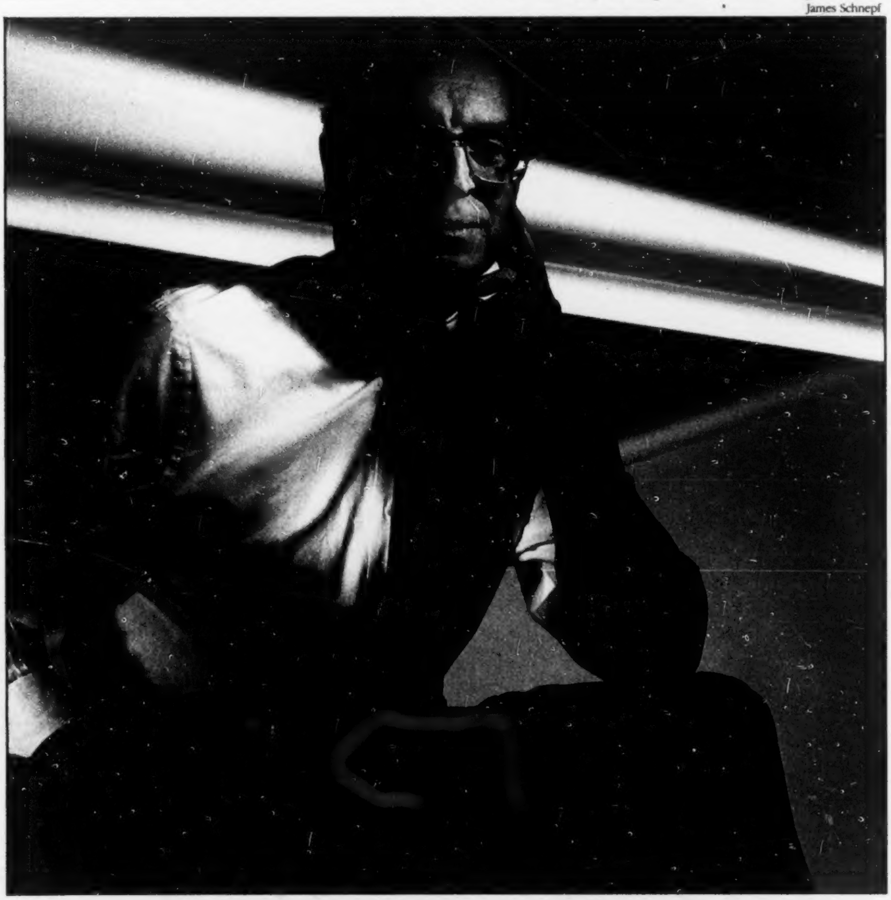
For fiscal year ended Oct. 31, debt was reduced to a mere 18% of total capitalization, the company had an abundance of cash, and profits came in at $71 million—more than 13% on equity, the best return in six years. Based on strong demand for its paper machinery, a 20% earnings rise is expected for the current fiscal year. The company's stock recently traded at about 20 a share, about three times its level when Goessel came aboard.

"We feel much more protected against downturns that hit the company so hard in 1981 and 1982," says Goessel. "That will not happen to us again."

Going local, staying global

David Tappan was thrust into the chief executive's chair at Fluor Corp. by tragedy: Chairman J. Robert Fluor, grandson of the company's founder, died of lung cancer in September of 1984. On top of that, the company was in serious trouble.

Based in Irvine, Calif., Fluor had prospered with the oil boom, building huge oil refineries and petrochemical plants around the world. But as Tappan ascended to the top job, oil prices collapsed. Adding to Tappan's problems, Bob Fluor a few years earlier had paid a rich $2.2 billion for gold and metals producer St. Joe Minerals, just before metals prices slumped.



James Schnepf

All this hit Fluor's results like a wrecker's ball. Between 1985 and 1987 Fluor reported losses of $675 million. Sales slipped to $3.9 billion.

But Tappan managed to keep his wits about him. He sold off a number of Fluor's prize assets, including its 162-acre headquarters campus. Also dumped were pieces of St. Joe Minerals.

But Tappan's most important act was merging Fluor's operations with those of Daniel International, a contractor Fluor acquired in 1977. Daniel had always concentrated on smaller U.S. projects, including various types of factories. So while the old Fluor was limited to big international oil projects, the new Fluor-Daniel offered its services to 30 in-

Fredrich Cantor

David Tappan Jr.

Fluor Corp.

$1,304,000

dustries, including food processing, paper and automotive manufacturing.

Today Fluor is just as likely to build an art museum as it is a petrochemical plant. This switch required remarkable flexibility for Tappan, whose 32-year career with Fluor was based largely on selling and overseeing huge international projects. Says he, "We are operating globally, but we're also trying to be the kid across the street."

And it's working. Fluor's contracts are growing at more than two times the construction industry average. The backlog of building jobs, which dipped to $4 billion in 1984, is up to almost $9 billion. Fluor's shares are trading at about 42⅝, up from a low of 11 three years ago.

Conscious of the power of symbols, Tappan cut his own salary and bonus from $773,000 to $450,000 during the lean years. Because the company has rebounded—it earned $108 million last year on sales of $6.3 billion—no one can begrudge his healthy $1.3 million compensation last year.

Tappan, 68, plans to retire by year's end, but he is taking his last official task—grooming a successor—very seriously. This year he named Fluor veteran Leslie McCraw, 55, as chief executive; before long McCraw is expected to get the chairman's title as well.

Bob Fluor was a tough act to follow. Dave Tappan is about to be.

Whatever stops the bleeding

To an outsider, Texas Instruments' strategy might seem haphazard. Founded in 1930 as an oil service firm, Texas Instruments invented the microchip in 1958, got into the missile-making business in the 1970s, strayed into hand-held calculators and later launched a disastrous foray into home computers. All this left Jerry Junkins with a terrible headache.

When Junkins was named chief executive five years ago, Texas Instruments was reeling from a slump in the semiconductor business and about to post a $141 million loss for 1985. Recalls Junkins, now 52, "We had to stop the bleeding."

Junkins is an electrical engineer who worked his way to the top through the defense side of the business. He saw right away that the company was spread too thin. He dropped oilfield services, as well as production of home computers. Junkins put the company's energy fully into defense electronics and semiconductors. There was risk in this concentration: Just as many manufacturers were abandoning the market for commodity chips, Junkins had decided to sweat it out. Result? Today Texas Instruments is one of only three U.S. companies that make and sell dynamic random access memory chips (DRAMS), the basic chips used to store data in everything from computers to fax machines. Last year an estimated 14% of TI's revenues came from DRAMS; its market share of the business was 8%.

Like all of the turnaround artists, Junkins had to do some painful things: cut the work force by 10%, freeze wages through mid-1986 and close two plants—a memory chip assembly facility in El Salvador and a computer manufacturing center in College Station, Tex. He recognized the growing globalization of business by investing $1.2 billion for a number of facilities—including a DRAM factory—in Italy, with more than 50% of the cost subsidized by low-cost Italian government financing.

Another key move: Junkins has actively tried to get rivals to pay Texas Instruments for use of the company's "intellectual property." Over the past four years he has collected in excess of $500 million, mostly from the Japanese and primarily on DRAM patents.

Junkins upgraded TI's marketing. As he puts it, "Just having good tech-

Mark Seliger/Onyx

Jerry Junkins

Texas Instruments

$835,000

nology and good manufacturing is not enough to maintain a strong position. We've strengthened the way we listen to our customers."

As for management style, Junkins differs markedly from his predecessor, Fred Bucy, who was a manager of the old school and ran a highly centralized company. Junkins has decentralized management, pushing power back to the managers running the company's divisions around Texas and the world. "Under Jerry Junkins, Texas Instruments went from management by intimidation to management by inspiration," says Daniel Klesken, analyst at Prudential-Bache. Characteristic of the new open style, Junkins actively seeks criticism from customers, analysts and the press.

Under Junkins, Texas Instruments has bounced back. Return on equity since 1987 has averaged 20% annually, and last year TI earned a $292 million profit on revenues of $6.5 billion. With markets for semiconductors and defense products slack, TI's earnings are likely to be flat for the next two years. But flat at a fairly high level.

Executive wordsmith

George Kennedy seems to see himself as a kind of corporate Mao Zedong. He doesn't like to say he has "restructured" International Minerals & Chemical Corp. Instead, he claims to have "constructured" it, meaning he has tried to put the company into a state of "continuous restructuring." As Mao would say, it's the difference between revolution and continuous revolution.

Founded in 1909, IMC for years had been a workaday outfit mining phosphates and potash, two of the world's most basic and widely used fertilizers. When Kennedy took charge in 1983, it didn't take him long to realize that IMC had little control over its own destiny because it was locked into highly cyclical, commodity businesses. Kennedy's plan was to move IMC into more sophisticated products, specifically medical products and animal health supplies.

Out went IMC's energy operations and its coke, clay and quartz mining businesses. To get them off his books, Kennedy had to take a writedown of $128 million. That, combined with losses in the depressed fertilizer market, led to a hefty $217 million net loss for 1986.

Sometimes when things look really bad, a bold stroke is what's called for. Borrowing heavily from banks, Kennedy in 1986 paid $675 million for Avon's Mallinckrodt unit, a maker of X-ray materials and drug chemicals. Then he got IMC into the market for animal health, snapping up a maker of animal vaccines and mineral feed supplements for $38 million from Johnson & Johnson. Next, to pay off debt, Kennedy sold to the public a 53% stake in IMC's fertilizer business, raising $559 million in cash.

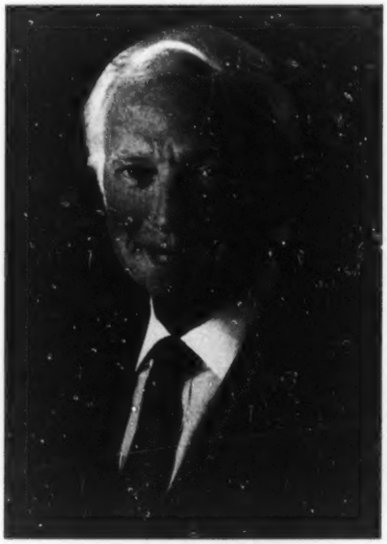
But remember, George Kennedy calls his restructuring "continuous." Thus, just last year, he paid $260 million to buy Coopers Animal Health, which had been a joint venture between ICI and the Wellcome Foundation. This pushed IMC's long-term debt up to 80% of total capital. No risks, no revolution.

Did Kennedy make the right moves? While profit margins from the company's fertilizer business are down to about 7% and falling, margins in IMC's medical and animal health businesses will average 12% this year. Kennedy looks smart to have moved when he did. IMC's stock has almost doubled, to $60, over the

George Kennedy

International Minerals & Chemical Corp.

$1,304,000



past two years. The new IMC earned $117 million last year. That's a heck of a lot better than the divestiture years of the mid-1980s. But it is not quite as good as the early 1980s, when IMC's commodity businesses were stronger.

But Kennedy could begin to look even smarter over the next few years. Pat O'Brien, analyst at Anantha Raman & Co., expects IMC's profits to increase more than 20% a year through 1994.

Culture clash

In 1983 James Glasser decided to drop GATX' manufacturing operations, and concentrate instead on the leasing business. "It was," says Glasser, 55, "the most important and traumatic decision of my career."

For GATX, it amounted to shock therapy. The company had been making railcars in Chicago for nearly 100 years. But under Glasser's knife, out went subsidiaries that made railcars, storage tanks, specialty steel and process gear for the cement industry. A shipping subsidiary was spun off to shareholders. Altogether, 40% of revenues vanished. For these unpopular moves, GATX took a $179 million restructuring charge and posted a loss of $93 million in 1983.

After a few shaky years, however, GATX' earnings have shown consistent growth since 1986. Profits hit $66 million last year, on revenues of $700 million and capital of $500 million. This year's first-quarter results were up a further 14%.

A graduate of Harvard law school, Glasser started his career in GATX' legal department in 1961, rising to president of GATX Leasing Corp. in San Francisco in 1971; he was named chairman and chief executive of the entire company in 1978.

Glasser reasoned that leasing (mostly railcars, bulk-liquid terminals and commercial aircraft) would make GATX more recession-resistant than manufacturing. Equipment leases, usually running more than three years, can be counted on to bring in a steady stream of cash flow; demand for railcars, by contrast, tends to be cyclical.

An added benefit: For the first time in its history, GATX executives can view most of their capital spending as discretionary. "I can call the presidents of our subsidiaries tomorrow and tell them to stop spending," says Glasser gleefully. "The only required capital spending we now have is $25 million to $30 million a year" (largely for maintenance of the company's railcars and terminal facilities).

But there was more to the decision than that. By the time Glasser was named chief executive, leasing had become more dominant than manufacturing, and GATX had developed a case of corporate schizophrenia. "The leasing culture and the manufacturing culture at GATX did not mix," says Glasser. "We decided to concentrate on the leasing culture for the future."

With GATX' market capitalization up nearly 50%, to $600 million, since 1983, it's hard to argue with Glasser's decision.

James Glasser

GATX

$1,718,000

Michael L. Abramson

Ben Weaver

Concentrated diversification

Voyages into the unknown don't seem to excite John (Jack) Murphy, chairman and chief executive of Dresser Industries, the Dallas-based energy equipment outfit. Since taking charge in 1983, Murphy has rid the company of about 20 nonenergy businesses.

"We think the oil business is what we do best, so we decided to marshal our forces and concentrate on that area," says Murphy, who looks considerably younger than his 58 years.

Moving further into the oil business in the mid-1980s seemed like throwing good money after bad. Dresser had been smacked hard by falling oil prices, slack drilling activity and a shaky petrochemical business. In 1985 Dresser Industries lost $196 million on sales of $4.1 billion. Recalls Murphy, "Our markets had virtually disappeared."

But when the business started to bounce back in 1989, Dresser was ready. Today the company's energy-related operations account for some 70% of its $5.2 billion revenues, up from under 60% in 1983. Profits, meanwhile, increased to $170 million last year, versus a $25 million loss three years ago. A substantial earnings rise is expected this year.

Although Murphy marshaled his forces in the energy business, he didn't keep them all in one place. In a strategy of concentrated diversification, Murphy has positioned his company to supply equipment and services at various stages of the energy cycle—from drilling wells to refining to making petrochemicals.

Murphy, who joined Dresser in 1952 as an engineer, offers an example: Dresser's 1988 acquisition of M.W. Kellogg, the engineering and construction firm, will help Dresser meet increasing demands in the refinery business. To further address the refining and sales side of the spectrum, Murphy recently spent some $100 million to acquire Peabody Holmes and Mono Pump, two British companies that make refining equipment.

The intelligence of this strategy lies in the fact that, aside from exceptionally bad years like 1982, energy slumps tend to hit different stages of the production process at different times. For example, the demand for refining equipment has been strong in recent years, while the need for exploration equipment has not. Thus the slump-smoothing benefits of diversification are achieved without straying from the industry Dresser knows so well.

To further spread risk, Murphy has five major joint ventures. These include Dresser-Rand (1989 sales, $850 million), an alliance with Ingersoll-Rand that makes turbines and compressors for the oil and gas processing industries.

Since both the drilling and refining sectors of the energy industry are generally expected to do well over the next decade, Dresser's future looks promising. But what if the extreme happens and the industry collapses across the board, as it did back in 1982? "Sure, we'll have problems," says Murphy, "but I think we have learned how to run this business much the way you drive a car: You keep one foot on the gas pedal, and the other about half an inch away from the brake."

John (Jack) Murphy

Dresser Industries

$1,967,000

Ed Kashi

intel
ANDY GROVE

Lessons from Budapest

Andrew Grove
Intel Corp.
$723,000

For five years Intel Corp. dominated U.S. production of a crucial type of semiconductor, dynamic random access memory (DRAM) chips. These silicon chips are to the information age what steel was to the age of heavy industry. But the company was abruptly forced out of the DRAM market in 1986 when Japanese chipmakers flooded the U.S. market with low-cost chips. Intel reported a loss of $183 million that year, and its once high-flying stock fell 51%, to $11.

Intel's chief executive is Andrew Grove. Born Andras Grof, he was a teenager when the Soviets invaded his native Hungary in 1956. He immigrated to the U.S. a few months later. After working his way through undergraduate and graduate studies as a waiter and office worker, he joined Fairchild Semiconductor in 1963 as an engineer under R&D head Gordon Moore. When Moore and Robert Noyce formed Intel in 1968, they brought Grove along.

After working as Intel's president for eight years, Grove became chief executive in 1987. Energetic and articulate, Grove, now 53, has somehow found time along the way to author several books on management.

Grove says his biggest worry today is still what it was in the mid-1980s: the Japanese chipmakers. Grove fears they will someday succeed in their goal to dominate the world computer market. To prevent that from happening, he advocates an aggressive U.S. trade policy that will protect America's intellectual property—patents and other technical knowhow.

Paradoxically, Grove's recent successes at Intel illustrate why innovation—not trade policy—is the best weapon against foreign competition. His strategy, which helped reverse Intel's losses, is to steer clear of the commodity chips that can be easily imitated in the Far East. Instead, Grove concentrates on beating the competition with newer, faster chips meant for desktop computers.

The best-known example of this is Intel's model 80386 microprocessor. Introduced five years ago, it has become the standard microprocessor for personal computers by virtue of its exclusive use in IBM and IBM-compatible computers. These machines account for more than half of the U.S. personal computer market.

Having spent $100 million to develop the 80386, Grove has kept production of the chip in Intel's hands, defying customers' demands that he farm out production to other chipmakers to ensure accessibility and thus fair prices.

Continuing its long rebound from 1986, Intel earned $391 million last year on sales of $3.1 billion. The stock has nearly quadrupled to a recent $41. And today the company has a healthy war chest of $365 million to pour into researching the next generation of microchips.

One needn't be a Hungarian refugee to know that in a business like Intel's, it's always a good idea to keep some powder dry, and never turn one's back to a determined predator.

This side of paradise

Walter Williams, chief executive of Bethlehem Steel Corp., spent most of the 1980s correcting a costly blunder the company made some 15 years ago. That's when most U.S. steelmakers, Bethlehem included, forecast that demand for steel would rise 40% from 1976 levels, to 150 million tons a year in the 1980s. Seeing a bonanza ahead, the steelmakers invested billions of dollars in new plant and equipment. But the surge in demand never materialized.

"The whole message was driven home in 1982, when the steel market really fell to pieces," says Williams. Bessie lost $1.5 billion that year, and heavy losses continued through 1986. Long-term debt and unfunded pension obligations equaled 82% of the company's capitalization.

But look at Bessie now: In 1989 it earned $246 million, and its debt and unfunded pension obligations have been cut to a more comfortable 48% of capitalization. Stockholders are elated. The company has resumed paying common dividends after a nearly four-year lapse, and Bessie shares are trading at about 18, well above the 1986 low of 5.

No question: The entire steel industry was helped by the federally imposed "voluntary" steel quotas, which limit imports of foreign steel through March 1992.

But Bethlehem would never be reaping today's fat profits if it weren't for Walter Williams' restructuring efforts. Perhaps Williams' smartest move was getting Bethlehem out of nonsteel businesses. After taking the helm in 1986, he dropped a score of these operations—everything from shipyards to limestone quarries. His reasoning was unassailable: With Bethlehem forced to pay union wages even in most of its nonsteel businesses, the company simply couldn't compete with similar operations that were not unionized.

In the steel business, Williams cut annual capacity from about 25 million tons to about 16 million. He invested $4 billion to modernize the steel operations that remained, and plans to spend a further $500 million this year.

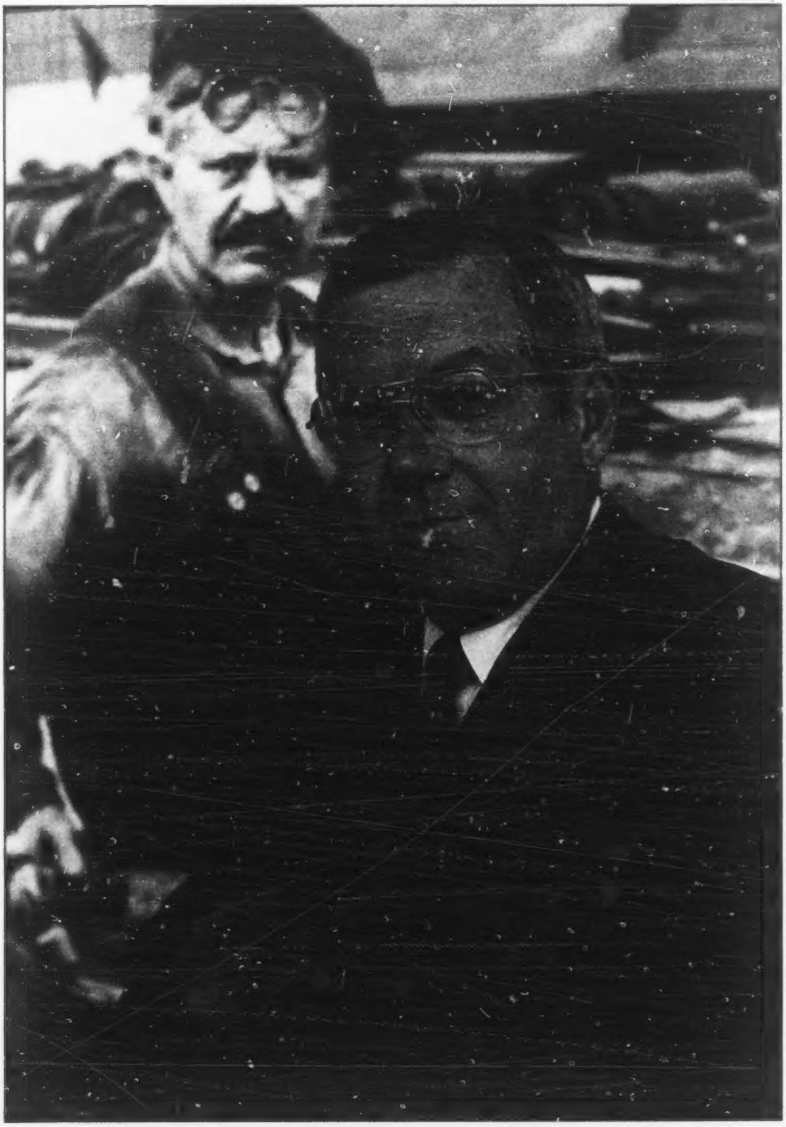
Today Bessie has two first-rate properties: the Burns Harbor, Ind. plant and the Sparrows Point, Md. plant. Churning out two-thirds of the company's production, either of these plants can produce a ton of steel with less than four man-hours of work. That makes them two of the most efficient steel mills in the world.

Williams can't relax yet. Bessie's three archaic plants in Pennsylvania are likely to suffer if, as expected, minimills continue to move in on Bessie's turf. The minimills, with new equipment and nonunion workers, are capable of producing many of Bessie's steel products for as little as two-thirds the cost.

Steel is a highly cyclical industry, and Williams hasn't changed that. Example: In this year's first quarter, with demand weak, Bessie's operating income fell 66%. Williams says orders have improved recently, and that the first-quarter results may have been the bottom. Sighs Williams, "We haven't reached the paradise yet."

No, but by making some bold, painful decisions when he did, Williams changed his company from a floundering giant into a small but lean competitor in a very tough business.

Russ Kennedy



Walter Williams
Bethlehem Steel
$908,000

The book can wait

Bill McGowan is the man who transformed MCI from a small radio communications company into the country's second-largest long-distance telephone carrier. But it wasn't all glory. Fact is, upstart MCI found itself in trouble in 1984, after AT&T was forced to spin off the Baby Bells.

Up to that point MCI had a basic advantage: It was allowed to transmit its calls across the local Bell operating companies' lines at prices 70% lower than what AT&T was charged by the Baby Bells. But then came the Bell breakup. With it, all long-distance carriers, including AT&T Long Distance Service, were granted equal access to the Baby Bell lines. The discounts that had so favored MCI were phased out by order of the Federal Communications Commission.

For MCI, the change was earthshattering. MCI had always been a niche player, billing itself as the low-price provider. The company was simply unprepared to compete with AT&T on quality or service. As a prelude to upgrading, MCI in 1986 took a $585 million charge for writing off outdated equipment. Result: a net loss of $498 million for the year.

The troubles took their toll on McGowan. After laying off 15% of MCI's 16,000-person work force, McGowan suffered a heart attack in December 1986; the following April he had a heart transplant.

He was sidelined for nine months. When he got back, he was ready for action. Spurred on by McGowan, MCI management improved quality and service, and pushed for more corporate customers as well. MCI also digitized its phone network, allowing faster transmission of both voice and data communications. Then came a broad range of new services, including international dialing and more detailed billing information. As in its early years, MCI during its turnaround relied largely on junk bonds.

MCI upgraded its sales force and gained a reputation for excellent service. MCI soon signed up the Pentagon and such firms as Westinghouse, Chrysler and IBM for its voice and data transmission services.

MCI returned to profitability in 1987 and last year earned $558 million on sales of $6.5 billion. Profits this year are expected to jump 37%. The stock, meanwhile, is up to 36 from a low of 5 a few years ago.

As for McGowan, he began exercising more and cutting his workload. But he was unable to talk with FORBES because he recently had exploratory chest surgery.

People have been after McGowan for years to write a book about his business exploits—building a company from scratch and battling the AT&T monopoly. But so far McGowan has refused. After all, MCI still has only 12% of the long-distance market, compared with almost 70% for AT&T. To keep the giant at bay, McGowan knows, MCI must continue to come up with new and better services. In short, there may be a few more chapters to be written in the MCI saga.

William McGowan

MCI Communications

$8,666,000

Katherine Lambert

Second chance

When a chief executive drives his company near disaster, he rarely gets to undo his errors. BankAmerica's Tom Clausen is an exception.

Throughout the 1970s Clausen was the dean of American banking. He ran the nation's largest and most profitable bank. In 1981 he left BankAmerica to head the World Bank and help the poorer countries.

But within a year after Clausen's departure, BankAmerica began to slip. The bank was badly hurt by its portfolio of Latin American loans, and it also got caught in the U.S. farm crisis as many loans to California farmers went sour. The San Francisco-based bank also lost money on real estate lending and shipping credits as well as oil patch loans.

"BankAmerica managed to have a finger in every pie that got baked," says Bear, Stearns analyst Mark Lynch.

Clausen's successor was Samuel Armacost, by most measures a pretty good banker. But most of the bad loans had already been made, and Armacost was unprepared for the profusion of bad credits that started hitting the fan in 1982. Not until 1985 did he make adequate loan-loss provisions; in that year a loan-loss reserve of $2.1 billion triggered a net loss of $577 million.

By October 1986 Armacost was out.

Douglas Kirkland/Sygma

A.W. (Tom) Clausen

BankAmerica Corp.

$1,815,000

The board replaced him with Tom Clausen, under whom many of the shaky loans had been made. BankAmerica's troubles continued: It took a $518 million loss for 1986 and a loss of nearly $1 billion for 1987.

Armacost, ironically, left Clausen a gift: four relatively new BankAmerica executives, all veterans of rival Wells Fargo. They were Glenhall Taylor, Richard Rosenberg, Lewis Coleman and Frank Newman.

Clausen put Taylor and Newman on the defensive team, counting on them to clean up bad loans and tighten credit standards. Coleman, who was put in charge of BankAmerica's overseas operations, was told to trim what had been an expensive foreign presence.

Meanwhile, Clausen groomed Rosenberg to succeed him as the company's leader, allowing him to push the bank more forcefully into consumer finance businesses such as home mortgages and car loans. With the California economy strong, the shift back toward consumer banking worked like a charm.

By the third quarter of 1987 the bank had bounced back to profitability. Last year, in fact, it reported a record profit of $820 million on continuing operations. This year, analysts predict that profits should rise more than 25%.

From $2 billion in 1987, the company's market value has climbed to $6 billion. And even though California is about to allow other states' banks onto its turf, BankAmerica is no longer on the lists of weak banks likely to be taken over.

His job done, Clausen will step down this month, tapping Rosenberg as BankAmerica's new chief executive. Clausen must have been grateful indeed for his second chance.

A shy guy

George A. Schaefer doesn't want to take credit for pulling Caterpillar out of this century and thrusting it into the next. This modesty explains why the 61-year-old chief executive refused to be interviewed for this story. But when Schaefer retires this June, he will leave behind a dramatically different company from the one he inherited five years ago.

For decades, Cat smiled the contented smile of a company that had just swallowed its market. But the recession of the early 1980s, coupled with the strong dollar, wiped that smile away. By the end of 1984, Cat had racked up almost $1 billion in losses over three years and was looking despondently at a shrinking market share.

Management cut costs by closing several plants, consolidating operations and reducing the company's work force—the usual necessary moves. That helped put Cat back in the black by 1985, but it didn't really sharpen its claws. To compete, Cat needed to expand its product line, making smaller, less expensive, machinery to sell alongside its behemoth earthmoving equipment.

So in 1987 management embarked on an ambitious $1.5 billion "Plant With a Future" program to modernize its manufacturing facilities, while at the same time continuing to spend about $700 million on the usual capital improvements.

Long-term thinking can be expensive. All of the futuristic plant's startup costs ~~are being~~ charged directly to earnings, reducing profit by about $150 million a year. Thus, those on Wall Street with short attention spans have not been happy.

But already Cat has managed to take back market share from foreign competitors like Komatsu. Enthuses Oppenheimer & Co. analyst Charles Harris, "Cat is the only American company that took on the Japanese without any protection (from Washington) and won."

Schaefer didn't only change the way Cat makes machinery, he changed the way the company is organized. With $11 billion in sales, Cat now keeps a close eye on individual manufacturing operations, to try to insure that each shows a profit. "Cat was a benign, successful and beautiful example of a bureaucracy," says L. Michael Braig, an analyst at Prescott, Ball &

Bob Sacha

George A. Schaefer

Caterpillar Co.

$1,539,000

Turben. "Schaefer recognized the need to change that."

In 1989 Cat earned $500 million, or $5 per share, less than 1988's near-record $6 but a satisfying 12% on stockholders' equity. If the modernistic plant kicks in with savings over the next few years, Cat's net income could jump to $10 a share or more.

George Schaefer is a modest man, but if he chose to boast, he'd have plenty to be boastful about.

The virtues of specialization

"Change is always difficult," says James Renier, recalling the dismantling that was necessary to repair Honeywell Inc. "In the process there were some rather rough bumps, but it wasn't difficult to see what needed to be done."

Starting in 1970, Honeywell's then-chairman, Stephen Keating, diversified the company beyond its traditional business of electronic controls systems. That put Honeywell into everything from computers to semiconductors to telecommunications. By 1985 it was clear that Honeywell was spread too thin. Return on equity for the year was 11.8%, versus a stated goal of 16%.

Renier, named chief operating officer in 1986, had come to Honeywell 34 years earlier with a Ph.D. in physical chemistry, a discipline he thinks helped him communicate his turnaround strategy to his executives, most of whom have engineering or scientific degrees. Says Renier, "I believe that in a high-tech business it is easier to teach an engineer to be a businessman than a businessman to be an engineer."

In large part Renier capitalized on Honeywell's tradition. It was Honeywell, after all, that invented the thermostat in 1883. Renier moved Honeywell more forcefully into the thermostat's modern-day counterpart—temperature controls for homes, factories and office buildings.

Renier also pushed for more sales of controls for industrial processes such as oil refining, and for aviation uses, including an antenna-pointing system in the recently launched Hubble telescope. In fact, in its largest acquisition to date, Honeywell four years ago paid $1 billion to buy the Sperry aerospace division of Unisys, which nicely complemented the firm's existing avionics operations.

What got cut? Renier trimmed the payroll by 5% and sold a majority stake in Honeywell's ailing computer operations to France's Groupe Bull and Japan's NEC. Semiconductors were dropped, and last month the company announced that it would spin off its $1 billion defense and marine systems business.

But all this juggling did not go smoothly. A writedown on the computer spinoff led to a $398 million loss in 1986. Then, in 1988, cost overruns in the defense business triggered a $435 million deficit for the year.

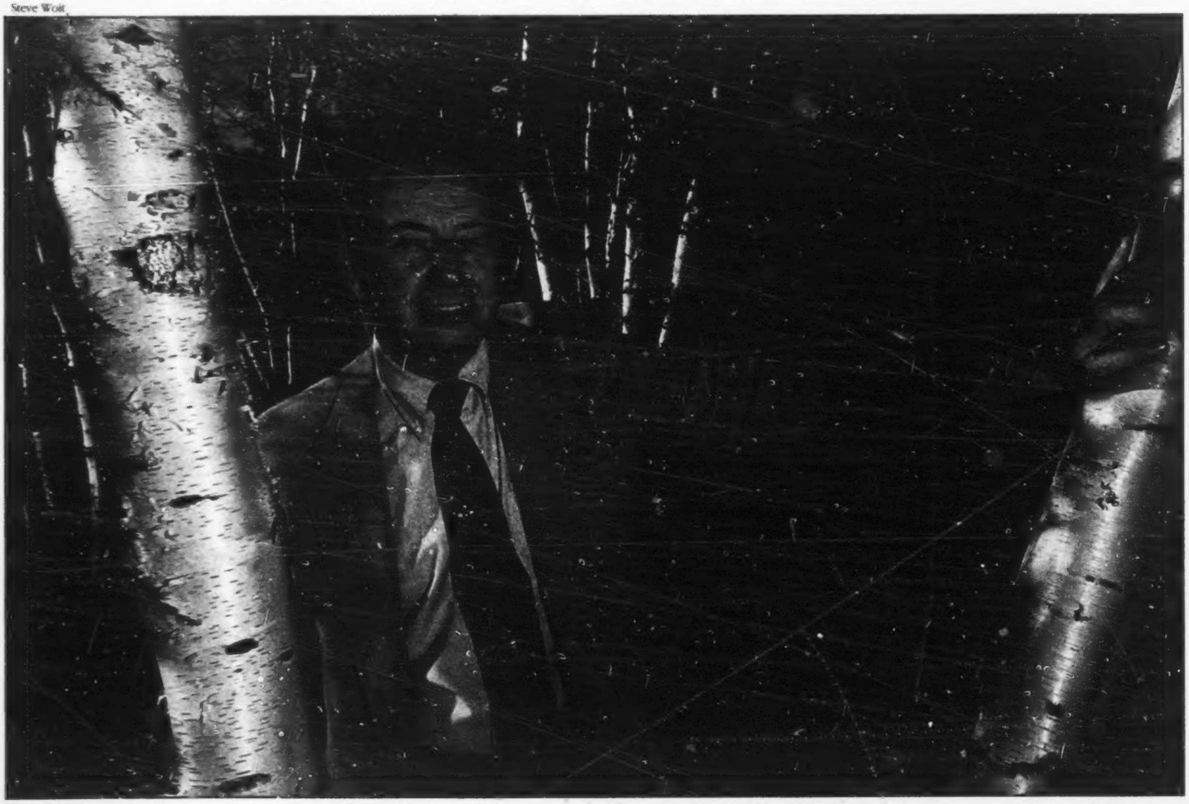
Overall, however, Renier's dismantling has paid off. Last year Honeywell earned $604 million on sales of $6 billion. Return on equity: an impressive 16.2%. As for this year, earnings could rise by up to 17%. After hitting a low point of $2.3 billion in 1987, the company's stock market value has risen to $3.5 billion ($90 a share).

James Renier

Honeywell

$2,114,000

Steve Woit



George Lange

Thanks, now get out of here

United's unions love to hate Stephen Wolf, but they can't deny the airline's impressive performance under his stewardship. Wolf grew up in a tough working-class neighborhood in Oakland, Calif., and earned a degree in sociology from San Francisco State University. He worked 15 years at American Airlines, then did short stints at Continental Airlines and Pan Am. In 1984 he moved to Republic Airlines, which he revived by slashing labor costs. He turned years of losses into record profits, paving the way for Republic's merger with Northwest Airlines. Next stop: In 1986 Wolf joined the air cargo operator Flying Tiger Line, where again he managed to extract wage concessions. For 1987 the company had record profits of $58 million, versus a loss of $45 million in 1986. Unlike some chief executives, Wolf doesn't shy away from staring down his workers.

United has severely tested all of Wolf's airline experience. It began to get into trouble almost as soon as airline deregulation started, with its domestic market share dropping from 23% in 1978 to 17% in 1987. Under Chairman Richard Ferris, United had changed its name to Allegis Corp. to reflect its strategy of becoming a travel services company that included not only United Airlines but also Hertz rental cars and Hilton International and Westin Hotels.

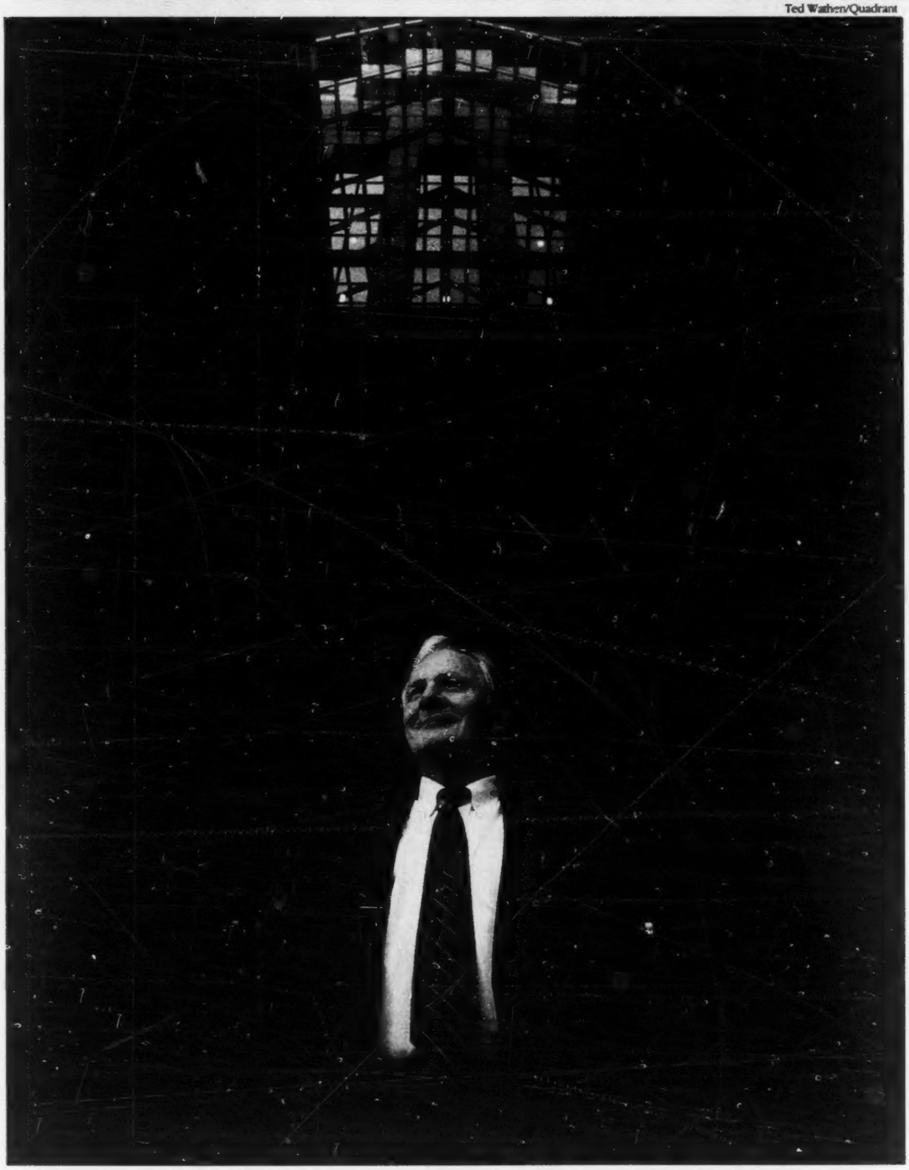
But the Allegis approach didn't work; it caused the airline to lose its focus. For 1986 the carrier reported a loss of $113 million on revenues of $7.1 billion. In June 1987 the United board ousted Ferris and began to implement a strategy of selling off all nonairline assets. Out went Hertz, Westin Hotels and Hilton International, bringing $3.7 billion in much needed cash.

In came Wolf, and he used the airline's new cash hoard to modernize United's jet fleet. The latest big order, in 1989, was for 370 new aircraft. The tab: $16 billion. Wolf also began to focus on UAL's strength—its Far East route system, which had been bought from Pan Am in 1986. With United's transpacific traffic growing 23% a year, the airline boosted its Asian capacity 25% last year, and a projected 25% to 30% more this year. Minihubs in Seoul and Taipei will be up and running soon to complement UAL's major hub in Tokyo.

Stephen Wolf
United Airlines
$1,287,000

Despite Wolf's failure to negotiate wage cuts with United's 71,000 employees, UAL has rebounded smartly. After reporting losses of $4 million in 1987, United's parent company, UAL Corp., reported profits of $600 million in 1988 and $324 million last year.

But the story may not have a happy ending for Stephen Wolf. A $6.6 billion management-led buyout fell apart last October when the would-be buyers were unable to secure financing. But in March UAL's largest shareholder, Condor Partners, with an 11.8% stake, supported employee groups in their launch of a $4.3 billion buyout plan. The board of directors recently approved. If the erstwhile new owners can arrange financing—and that is a big if—Wolf could soon be out of a job.



Ted Wathen/Quadrant

David A. Jones

Humana

$2,526,000

Patience and patients

What almost crippled Humana four years ago? Getting into the health insurance business. What helped turn it around? Getting into the health insurance business.

David A. Jones, 58, chief executive and cofounder of Humana, saw health insurance as a potential feeder system that could guarantee a steady influx of patients for Humana's 85 hospitals. Great idea on paper. But when Jones first tried it on a large scale in the early 1980s, it was a disaster.

Humana first signed contracts with state and local governments, agreeing to provide hospital care for a fixed cost to a population of indigent patients in Louisville, Ky., Humana's hometown. That worked fine.

Then, in 1984, Jones decided to try offering health insurance and health care plans nationwide. But initial projections were overly optimistic about the number of people who would sign up for the plans. Also, Jones hoped that some three-quarters of enrollees who required hospitalization would use Humana's hospitals; but only 45% did.

It should have been no surprise: The plans were offered in some markets where there weren't any Humana hospitals to go to. What's more, even in those markets where there were Humana hospitals, lax controls allowed patients to easily go to rival facilities.

By 1986, when the company was celebrating its silver anniversary, there wasn't much to celebrate. For the first time in its history, Humana's earnings declined, falling 75% after Humana wrote off $130 million, mostly health insurance losses. The company's market value tumbled from $3.6 billion to $1.9 billion.

Jones, a CPA with a law degree from Yale, didn't give up. To make sure patients landed in Humana hospitals, the company tightened its controls and negotiated contracts with over 15,000 physicians. Jones also made efforts to insure mainly people living within range of Humana facilities.

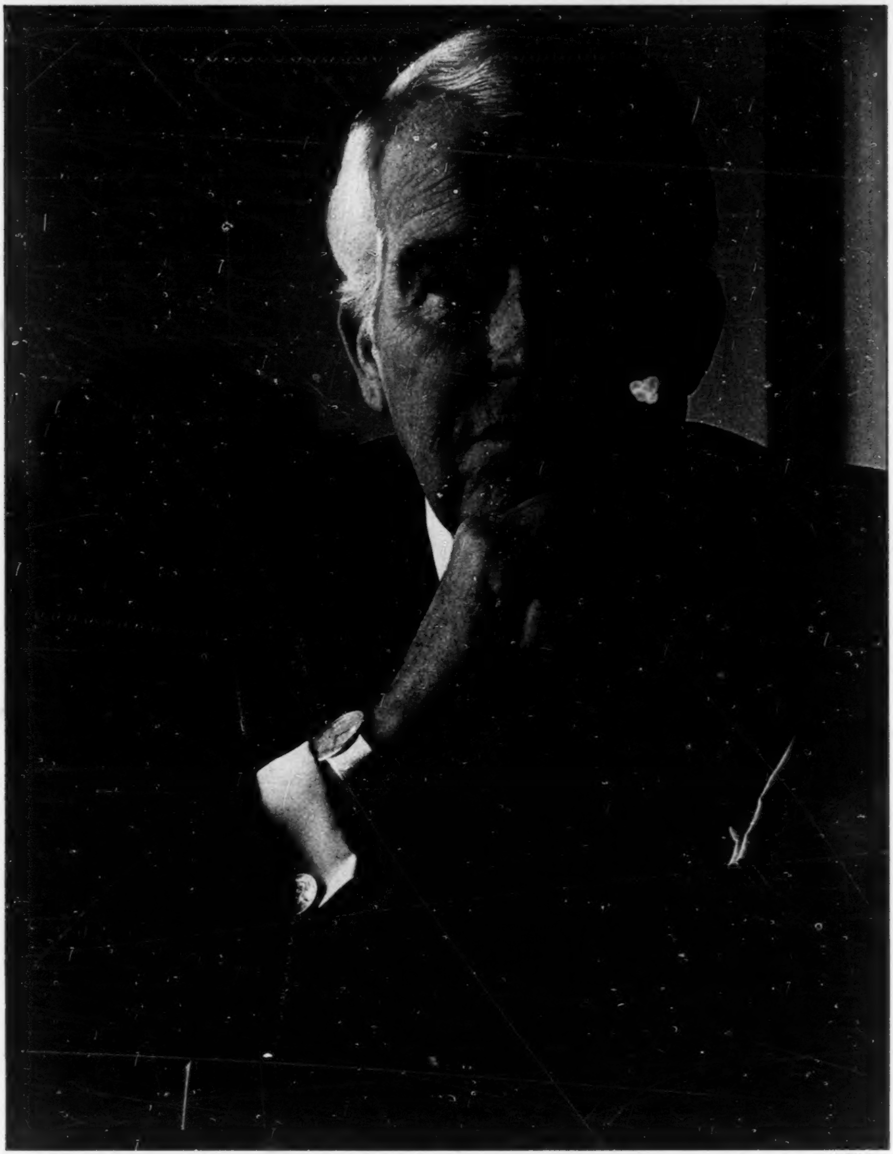
Now the health and insurance plans are filling the company's hospital beds as intended. Today some 70% of the company's insurance customers that require hospitalization use Humana hospitals. The company also reworked some of its fees and expanded enrollment, to more than a million members. Humana has even signed up hospitals outside its network to provide care—at reduced rates, of course.

Both Humana's health insurance and health care plans are now profitable. Humana's earnings, meanwhile, recovered to a record $256 million on revenues of $4.1 billion in the fiscal year ended last August. Shareholders are feeling much better, too, with Humana stock recently trading at 41, up from a low of 19 in 1986. The company's market value is now about $4 billion.

W. Ray Wallace

Trinity Industries

$5,100,000



Jeff Baker

Order breaks out

One company's pleasure is another company's pain. Take the case of Dallas-based Trinity Industries. Unlike another turnaround story, Chicago's GATX *(see p. 244)*, Trinity decided to remain—and expand—in the railcar manufacturing business in the early 1980s, even though the business was a mess. In 1983, U.S. railcar production sank to 5,800 cars, down sharply from 96,000 four years earlier.

Trinity felt the pinch, reporting a loss of $6 million on sales of $455 million for the fiscal year ending Mar. 31, 1985. It was the company's first loss in 27 years.

The man in charge then and now is W. Ray Wallace. "We knew that railcars was not a business that would be gone forever," explains Wallace, 67, in his soft Texas drawl. "We also knew you didn't often get opportunities to acquire large portions of the industry at reasonable prices."

Wallace's optimism was based on an instinctive feel for the business. He knew that there are about 1.25 million railcars in the U.S., and they eventually need to be replaced. Replacement can be postponed, but not forever. Thus, after several depressed years, sales rebounded. Now they are booming. Last year, for example, railcar deliveries jumped 24%, to some 30,000 units. Demand is expected to go even higher before long.

Convinced that the jump in orders would eventually come, Wallace resolved back in the early 1980s to be one of the industry's survivors. After 44 years at Trinity and 32 years as the company's chief executive, Wallace moved with stealth. He quietly took cash from Trinity's profitable container and structural steel businesses and bought up four of his company's rivals, including Pullman Standard, once the largest manufacturer of freight cars in the U.S. In the mid-1980s the number of railcar producers fell from 17 to 6. Trinity, meanwhile, tripled its capacity, enabling the company to make 25,000 railcars a year, about 50% of U.S. capacity for non-passenger railcars, Trinity's specialty.

Wallace figures that during the early 1990s there should be demand for 40,000 to 50,000 new railcars a year. Already the business has picked up, pushing Trinity's overall sales up by 30%, to $1.3 billion, for the fiscal year ending Mar. 31, 1990; earnings for the same period are expected to jump 17%, to about $35 million. The following year they could reach $45 million.

Could there be another shock around the corner? Unlikely. The 1980s railcar glut was caused largely by tax shelters and favorable depreciation rules, both of which have been tightened up. Says Wallace, "We are now back into an orderly replacement market." Orderly, and increasingly profitable.

THE PAY

Here is the most comprehensive report to date on the 1989 compensation granted to America's top corporate executives. These 800 chieftains earned $712 million in salaries and bonuses last year, plus a further $291 million in stock gains, mainly from exercising options. Add it up. A cool $1 billion, divided among 800 individuals.

Too much? Some would say so, but when stacked against their companies' combined profits of $175 billion and revenues of $3.46 trillion it doesn't seem so high. A penny on every 2½ profit dollars; a penny on every 49 revenue dollars. Where the chief executive's efforts made a visible improvement in profits, these efforts are clearly worth a lot of money.

Not every executive on this list deserved what he got. There seems to be a feeling that if you head a big company you should earn at least $1 million a year: A surprising 347 of our 800 reached or topped that figure. Many of those who got there did so with the help of stock gains, but 239 executives made $1 million or more in salary and bonuses alone, up from 208 last year.

With few exceptions, the 800 executives listed below run America's largest companies. The table is organized alphabetically by company name. To see where each chief executive stands, simply check the right-hand page for the column labeled "Rank among 800 execs." That shows how the total compensation of each corporate chief compares with the other 799. Think of it as a scorecard.

The "Salary + bonus" category includes all cash, deferred salary and bonus payments in 1989, as well as

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	as CEO
Abbott Laboratories/Duane L Burnham	48	Excelsior MN	Minnesota, BS '63/Minnesota, MBA '72	financial	8	‡
Aetna Life & Cas/James T Lynn	63	Cleveland OH	Case Western Res, BA '48/Harvard, LLB '51	legal	12	5
HF Ahmanson/Richard H Deihl	61	Whittier CA	Whittier, BA '49	banking	31	6
Air Prods & Chems/Dexter F Baker	63	Worcester MA	Lehigh, BA '50/Lehigh, MBA '57	technical	38	3
Albertson's/Warren E McCain	64	Logan KS	Oregon St, AA '48	operations	39	13
Alco Standard/Ray B Mundt	61	Appleton WI	Wis Milw, BS '53	operations	20	10
Alexander & Alexander/Tinsley H Irvin	56	Cornelia GA	Georgia St, BBA '55	insurance	37	3
Alexander & Baldwin/Robert J Pfeiffer	70	Fiji		operations	30	10
Allegheny Ludlum/Richard P Simmons	59	Bridgeport CT	MIT, BS '53	operations	22	9
Allegheny Power/Klaus Bergman	59	Germany	Columbia, AB '53/Columbia, LLB '55	legal	18	5
Allergan/Gavin S Herbert	58	Los Angeles CA	USC, BS '54	administration	40	30
Allied-Signal/Edward L Hennessy Jr	62	Boston MA	Fairleigh Dickinson, BA '55	financial	11	11
Alltel/Joe T Ford	52	Conway AR	Arkansas, BS '59	administration	31	3
Alcoa/Paul H O'Neill	54	St Louis MO	Cal St Fresno, BA '60/Indiana, MPA '66	administration	3	3
ALZA Corp/Martin S Gerstel	48	Norwalk CT	Yale, BS '64/Stanford, MBA '68	financial	22	3
AMAX/Allen Born	56	Durango CO	Texas El Paso, BS '58	technical	23	4
AmBase/George T Scharffenberger	71	Hollis NY	Columbia, BS '40	financial	5	‡
Amdahl/John C Lewis	54	Livingston MT	Cal St Fresno, BS '57	marketing	13	7
Amerada Hess/Leon Hess*	76	Asbury Park NJ		administration	44	25
American Brands/William J Alley	60	Vernon TX	Oklahoma, BBA '51/Oklahoma, JD '54	insurance	23	3
American Capital/Jack D Burstein	44	Poland	CUNY City Col, BA '66	financial	6	6
American Cyanamid/George J Sella Jr	61	New York NJ	Princeton, BS '50/Harvard, MBA '52	operations	36	7
American Electric/Willis S White Jr	63	Portsmouth VA	Virginia Polytech, BS '48/MIT, MS '58	technical	42	14
American Express/James D Robinson III	54	Atlanta GA	Georgia Tech, BS '57/Harvard, MBA '61	financial	19	13
American Family/John B Amos*	65	Enterprise AL	Miami, BA '44/Florida, JD '49	legal	35	35
American General/Harold S Hook	58	Kansas City MO	Missouri, BS '53/Missouri, MA '54	insurance	20	12

*Company founder. ‡New CEO, less than six months' service.

directors' fees and commissions. The "Other" column includes payments made under long-term compensation plans, restricted stock awards vested or released from restrictions in 1989, thrift plan contributions, company-paid health and insurance plans and other benefits such as an automobile allowance.

In the "Stock gains" column you can find the net value in shares or cash realized from the exercise of stock options (or stock appreciation rights) executed during the fiscal year. Note that these gains are not always in cash, since many executives, including Coca-Cola's Roberto C. Goizueta, hold on to their shares.

Craig McCaw, head of McCaw Cellular Communications, was the nation's most highly compensated executive last year, earning $289,000 in salary and bonuses, and $53 million in stock gains.

McCaw aside, do these executives have enough faith in their own companies to invest a substantial portion of their net worth in them? Some do, some don't. The 800 as a group own $32 billion of their companies' stock—an average of $40 million worth. The column headed "Stock owned" shows the value of each executive's holdings as a percentage of his firm's total market value.

In determining stock holdings we include shares of beneficial interest and shares held by an executive's wife and children, even if ownership is legally disclaimed. Shares held by family members active in the business or by foundations are not included. Also excluded, where possible, is stock with shared voting and investment power that could not be specifically attributed to the chief executive.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$850	NA	$3	$431	$1,284††	248	0.03%	$4.4	$5,380	$859.8	Abbott Laboratories
1,052	–7%	224	848	2,123	103	0.03	1.3	19,671	639.4	Aetna Life & Cas
1,189	16	17	437	1,644	171	0.19	3.1	4,372	193.9	HF Ahmanson
1,019	2	18	1,683	2,720	68	0.27	7.6	2,654	210.4	Air Prods & Chems
1,058	9	22	—	1,080	322	0.51	18.9	7,423	196.6	Albertson's
1,186	–16	—	63	1,248	260	0.51	6.4	4,207	110.3	Alco Standard
652	41	6	—	658	507	0.12	1.2	1,249	59.0	Alexander & Alexander
1,473	11	509	3,476	5,459	20	0.41	5.7	620	202.7	Alexander & Baldwin
916	4	10	—	926	387	29.51	273.6	1,180	133.8	Allegheny Ludlum
439	34	—	—	439	653	‡	0.1	2,258	194.9	Allegheny Power
402	NA	2	355[2]	759	461	0.64	6.5	807	57.3	Allergan
1,675	8	1,677	—	3,352	47	0.09	4.4	11,942	528.0	Allied-Signal
725	11	49	—	774	453	0.36	7.6	1,226	153.9	Alltel
1,307	17	13	—	1,320	236	‡	§	10,910	944.9	Alcoa
324	NA	—	—	324	730	0.32	3.6	82	18.8	ALZA Corp
1,185	–7	113	—	1,298	243	0.01	0.2	3,892	360.4	AMAX
1,544	NA	190	—	1,735††	151	1.49	3.3	3,526	96.0	AmBase
865	–7	621	—	1,486	202	0.07	1.1	2,101	153.0	Amdahl
300	0	10	—	310	735	12.71	473.1	5,589	476.3	Amerada Hess
1,542	14	175	408	2,125	102	0.03	1.5	7,265	630.8	American Brands
516	38	16	—	532**	584	4.51	0.3	647	–21.6	American Capital
1,063	–37	573	525	2,161	98	0.04	2.1	4,825	292.0	American Cyanamid
656	6	6	—	662	504	0.02	0.9	5,140	628.9	American Electric
2,600	–6	937	—	3,537	45	0.13	14.9	25,047	1,157.0	American Express
4,629	25	60	119	4,809	27	2.30	25.7	2,438	80.8	American Family
1,234	13	119	—	1,353	226	0.13	5.9	4,227	464.0	American General

[1] Sales and profits as reported in the Forbes 500s Annual Directory issue, Apr. 30, 1990. [2] Spun off from SmithKline Beckman; options exercised were for SKB shares. ‡Less than 0.01%. §Less than $100,000. **Prior-year data. ††New CEO; cash compensation is for another executive office. NA: Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years)	
					with firm	as CEO
American Greetings/Morry Weiss	50	Czechoslovakia	Case Western Res, BA '61	administration	29	2
American Home Prods/John R Stafford	52	Harrisburg PA	Dickinson, BA '59/Geo Washington, LLB '62	legal	20	3
American Intl Group/Maurice R Greenberg	65	New York NY	Miami, BA '48/New York Law Sch, LLB '50	insurance	29	23
American Natl Ins/Orson C Clay	59	Bountiful UT	Brigham Young, BS '55/Harvard, MBA '59	financial	20	13
American Petrofina/Ronald W Haddock	49	St Elmo IL	Purdue, BS '63	administration	4	1
American President/W Bruce Seaton	65	Philadelphia PA	UCLA, BS '49	financial	20	7
American Savings/William G Lillis	59	Ann Arbor MI	Renss Polytech, BCE '52	banking	13	‡
American Stores/Jonathan L Scott	60	Nampa ID	Idaho, BA '51	retailing	3	1
American Tel & Tel/Robert E Allen	55	Joplin MO	Wabash, BA '57	administration	33	2
AmeriFirst Bank/Alfred L Teti	55	Philadelphia PA		banking	1	1
Ameritech/William L Weiss	61	Big Run PA	Penn St, BS '51	operations	39	6
Ameritrust/Jerry V Jarrett	58	Abilene TX	Oklahoma, BBA '57/Harvard, MBA '63	banking	16	6
Ames Dept Stores/Peter B Hollis[1]	47	Newton MA	Vermont, BS '65	retailing	4	3
Amoco/Richard M Morrow	64	Wheeling WV	Ohio St, BS '48	technical	42	7
AMP/Harold A McInnes	62	Groton CT	MIT, BSME '49	operations	25	‡
AMR/Robert L Crandall	55	Westerly RI	Rhode Island, BS '57/Pennsylvania, MBA '60	financial	17	5
AmSouth Bancorp/John W Woods	58	Evanston IL	U of the South, BA '54	banking	21	18
Anadarko Petroleum/Robert J Allison Jr	51	Evanston IL	Kansas, BS '60	technical	17	11
Anchor Savings Bank/James M Large Jr	58	Philadelphia PA	Princeton, BSE '54	banking	1	1
Anheuser-Busch Cos/August A Busch III	52	St Louis MO		operations	33	15
Aon/Patrick G Ryan	53	Milwaukee WI	Northwestern, BS '59	insurance	26	8
Apple Bancorp/Jerome R McDougal	62	Lynbrook NY		banking	9	4
Apple Computer/John Sculley	51	New York NY	Brown, BS '61/Pennsylvania, MBA '63	marketing	7	7
Archer Daniels/Dwayne O Andreas	72	Worthington MN		financial	20	20
Argonaut Group/Charles E Rinsch	57	Vincennes IN	Indiana, BS '53/Stanford, MBA '60	financial	24	2
Arkla/Thomas F McLarty III	43	Hope AR	Arkansas, BA '69	administration	7	5
Armco/Robert L Purdum	54	Wilmington OH	Purdue, BS '56	technical	28	‡
Armstrong World Inds/William W Adams	56	Dubuque IA	Iowa St, BS '56	marketing	34	2
Arvin Industries/James K Baker	58	Wabash IN	DePauw, BA '53/Harvard, MBA '58	administration	35	9
Asarco/Richard de J Osborne	56	Bronxville NY	Princeton, AB '56	financial	15	4
Ashland Oil/John R Hall	57	Dallas TX	Vanderbilt, BS '55	operations	32	9
Atlantic Energy/E Douglas Huggard	56	Wilmington DE	Delaware, BME '55/Delaware, MME '60	technical	35	5
Atlantic Richfield/Lodwrick M Cook	61	Castor LA	Louisiana St, BS '50/So Methodist, MBA '65	operations	34	5
Autodesk/Alvar J Green	44	England	Eastern Michigan U, BS '74	financial	6	4
Automatic Data/Josh S Weston	61	Brooklyn NY	CUNY City Col, BS '50/U of N Zealand, MA '52	operations	20	7
Avery International/Charles D Miller	62	Hartford CT	Johns Hopkins, AB '49	marketing	26	12
Avnet/Leon Machiz	65	Brooklyn NY		marketing	38	1
Avon Products/James E Preston	57	Cleveland OH	Northwestern, BS '55	marketing	26	1
Baker Hughes/James D Woods	58	Falmouth KY	Cal St Fullerton, BA '66	financial	35	3
Bally Manufacturing/Robert E Mullane Jr	58	Cincinnati OH	Georgetown, BA '54/Harvard, MBA '56	administration	17	10
Baltimore Bancorp/Harry L Robinson	61	Baltimore MD	Baltimore Commerce, BS '72/Loyola, MBA '80	banking	43	5
Baltimore G&E/George V McGowan	62	Baltimore MD	Maryland, BS '51	technical	39	2
Banc One/John B McCoy	46	Columbus OH	Williams, BA '65/Stanford, MBA '67	banking	23	6

[1] Succeeded by Stephen L Pistner, 5/1/90. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$555	NA	$102	—	$657	508	1.21%	$12.8	$1,263	$67.6	American Greetings
1,185	10%	24	$2,105	3,314	51	0.03	4.5	6,747	1,102.2	American Home Prods
1,570	61	—	—	1,570	182	2.17	323.9	14,150	1,367.5	American Intl Group
559	–24	11	—	570	562	0.09	0.9	1,013	101.4	American Natl Ins
402	18	15	—	417	670	‡	§	3,036	119.1	American Petrofina
588	–19	67	—	654	509	0.72	3.5	2,234	11.3	American President
300	NA	132	—	432	656	0.35	§	429	2.3	American Savings
NA	0	—	—	—	—	‡	§	22,004	118.1	American Stores
1,744	36	407	—	2,151	100	‡	2.3	36,112	2,697.0	American Tel & Tel
383*	NA	100	—	483	624	‡	§	422	–134.7	AmeriFirst Bank
1,305	4	31	—	1,336	232	0.02	2.4	10,211	1,238.2	Ameritech
670	–11	26	284	980	358	0.17	1.1	1,200	115.9	Ameritrust
889	50	10	—	899**	401	0.06	§	5,295	0.2	Ames Dept Stores
1,559	22	458	187	2,204	94	0.03	6.7	23,966	1,610.0	Amoco
470	NA	57	—	527††	588	0.02	1.1	2,797	280.9	AMP
1,067	7	540	474	2,081	111	0.21	8.2	10,480	454.8	AMR
562	–1	—	—	562	566	0.23	1.2	890	63.2	AmSouth Bancorp
954	–3	—	403	1,357	225	0.54	9.1	361	48.0	Anadarko Petroleum
375*	NA	90	—	465	635	0.05	§	844	–47.5	Anchor Savings Bank
1,464	–5	21	7,397	8,882	11	1.30	137.8	9,481	767.2	Anheuser-Busch Cos
789	67	48	—	838	419	13.48	303.9	2,325	232.4	Aon
656	39	15	—	671	500	0.52	§	360	21.1	Apple Bancorp
2,251	–9	—	—	2,251	90	0.31	14.9	5,372	438.4	Apple Computer
1,338	21	—	128	1,466	205	3.34	207.0	7,745	482.3	Archer Daniels
456	44	—	—	456	643	0.15	1.0	546	81.6	Argonaut Group
483	–3	80	—	562	567	0.07	1.3	2,246	–84.3	Arkla
490	NA	96	294	880††	409	0.06	0.5	2,423	165.0	Armco
580	17	6	115	701	491	0.03	0.5	2,513	187.6	Armstrong World Inds
460	NA	5	234	699	495	0.64	1.9	1,541	18.4	Arvin Industries
1,058	7	6	18	1,082	321	0.06	0.7	2,211	231.2	Asarco
937	–6	7	691	1,635	173	0.08	1.6	8,047	12.3	Ashland Oil
325	NA	9	—	334	725	0.05	0.4	705	81.0	Atlantic Energy
1,930	19	73	349	2,352	82	0.04	6.7	15,351	1,953.0	Atlantic Richfield
233	NA	—	—	233**	760	0.06	0.6	179	46.4	Autodesk
669	17	1	—	671	501	0.32	11.7	1,689	196.2	Automatic Data
1,004	12	53	1,064	2,121	104	0.24	2.7	1,732	86.5	Avery International
926	2	—	—	926	386	0.17	1.8	1,801	63.4	Avnet
844	15	40	—	884	407	0.34	6.7	3,300	54.6	Avon Products
1,108	9	—	—	1,108	311	0.16	4.9	2,341	92.6	Baker Hughes
1,680	–8	146	728	2,554	74	2.33	7.4	2,069	25.8	Bally Manufacturing
325	11	—	8	334	724	0.23	0.3	338	17.3	Baltimore Bancorp
455	7	45	—	500	610	0.08	2.0	2,004	276.3	Baltimore G&E
1,076	8	—	80	1,156	291	0.22	8.1	3,163	348.2	Banc One

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	as CEO
Banco Popular PR/Richard L Carrion	37	San Juan PR	Pennsylvania, BS '75/MIT, MA '76	banking	14	1
Bancorp Hawaii/H Howard Stephenson	60	Wichita KS	Michigan, BA '50/Missouri, JD '58	banking	31	1
Bandag/Martin G Carver	42	Davenport IA	U of Iowa, BA '70/Indiana, MBA '72	financial	11	8
Bank of Boston/Ira Stepanian	54	Cambridge MA	Tufts, BA '58/Boston C, MBA '71	banking	27	3
Bank of New England/Lawrence K Fish	45	Chicago IL	Drake, BA '66/Harvard, MBA '68	banking	‡	‡
Bank of New York/John Carter Bacot	57	Utica NY	Hamilton, AB '55/Cornell, LLB '58	financial	30	8
Bank South/Robert P Guyton	53	Blue Mountain MS	Mississippi, BA '58/Harvard, MBA '66	banking	10	9
BankAmerica/Richard M Rosenberg	60	Fall River MA	Suffolk U, BS '52/Golden Gate U, LLB '66	banking	4	‡
Bankers Trust NY/Charles S Sanford Jr	53	Savannah GA	Georgia, BA '58/Pennsylvania, MBA '60	banking	29	3
BanPonce/Alberto M Paracchini	58	Ponce PR	Pennsylvania, BS '53/Pennsylvania, MBA '57	financial	34	7
Barnett Banks/Charles E Rice	54	Chattanooga TN	Miami, BBA '58/Rollins, MBA '64	banking	25	11
Bausch & Lomb/Daniel E Gill	53	Ziegler IL	Northwestern, BS '58	financial	12	9
Baxter International/Vernon R Loucks Jr	55	Evanston IL	Yale, BA '57/Harvard, MBA '63	marketing	24	10
Bay View Capital/Robert E Barnes	57	Greenwich CT	Princeton, BA '55/American Grad School, MBA '61	banking	6	6
BayBanks/William M Crozier Jr	57	Brooklyn NY	Yale, BA '54/Harvard, MBA '63	banking	26	16
BB&T Financial/John A Allison	41	Charlotte NC	N Carolina, BBA '71/Duke, MBA '73	banking	19	1
Bear Stearns Cos/Alan C Greenberg	62	Wichita KS	Missouri, BA '49	sales	41	12
Becton Dickinson/Raymond V Gilmartin	49	Washington DC	Union, BSEE '63/Harvard, MBA '68	operations	14	1
Bell Atlantic/Raymond W Smith	52	Pittsburgh PA	Carnegie-Mellon, BS '59/Pittsburgh, MBA '67	operations	31	1
BellSouth/John L Clendenin	56	El Paso TX	Northwestern, BA '55	operations	35	6
Beneficial Corp/Finn M W Caspersen	48	New York NY	Brown, AB '63/Harvard, LLB '66	legal	18	14
Bergen Brunswig/Emil P Martini Jr	61	Teaneck NJ	Purdue, BS '50	technical	38	21
Berkshire Hathaway/Warren E Buffett	59	Omaha NE	Nebr Lincoln, BS '50/Columbia, MBA '51	investment	25	20
Bethlehem Steel/Walter F Williams	61	Upland PA	Delaware, BCE '51	operations	39	4
Beverly Enterprises/David R Banks	53	Arcadia WI	Arkansas, BA '59	operations	18	1
BHC Commun/Herbert J Siegel	62	Philadelphia PA	Lehigh, BA '50	administration	23	13
Bindley Western Inds/William E Bindley*	49	Terre Haute IN	Purdue, BS '61	financial	23	23
Black & Decker/Nolan D Archibald	46	Ogden UT	Weber St, BS '68/Harvard, MBA '70	marketing	5	4
H&R Block/Henry W Bloch*	67	Kansas City MO	Michigan, BS '43	administration	35	35
Blockbuster/H Wayne Huizenga	52	Evergreen Park IL		administration	3	3
Boatmen's Bancshares/Andrew B Craig III	59	Buffalo NY	Cornell, BA '55	administration	5	2
Boeing/Frank A Shrontz	58	Boise ID	Idaho, LLB '54/Harvard, MBA '58	administration	32	4
Boise Cascade/John B Fery	60	Bellingham WA	Washington, BA '53/Stanford, MBA '55	operations	33	18
Borden/Romeo J Ventres	65	Boston MA	Worcester Polytech, BS '45	operations	33	4
Boston Edison/Stephen J Sweeney	61	Winthrop MA	Mt St Mary's, BA '50	technical	37	6
Bowater/Anthony P Gammie	55	England		operations	35	7
Bristol-Myers Squibb/Richard L Gelb	65	New York NY	Yale, BA '45/Harvard, MBA '50	administration	40	13
Broad/Eli Broad*	56	New York NY	Michigan St, BA '54	financial	33	33
Brown-Forman/W L Lyons Brown Jr	53	Louisville KY	Virginia, BA '58	marketing	30	14
Brown Group/Bernard A Bridgewater Jr	56	Tulsa OK	Oklahoma, LLB '58/Harvard, MBA '64	administration	11	8
Browning-Ferris Inds/William D Ruckelshaus	57	Indianapolis IN	Princeton, BA '57/Harvard, LLB '60	legal	3	2
Bruno's/Angelo J Bruno*	65	Birmingham AL		retailing	31	13
Brunswick/Jack F Reichert	59	West Allis WI		marketing	33	8

*Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$261	54%	$25	—	$287	748	1.01%	$3.8	$631	$56.3	Banco Popular PR
697	10	214	$1,208	2,115	107	0.29	1.8	762	79.9	Bancorp Hawaii
307	21	19	—	326	728	4.81	56.0	525	75.9	Bandag
1,248	6	26	—	1,273	252	0.07	0.6	6,844	70.4	Bank of Boston
NA	NA	—	—	—	—	‡	§	3,478	–1,113.3	Bank of New England
1,165	13	58	55	1,278	250	0.19	4.1	5,497	50.7	Bank of New York
732	44	14	—	746	466	0.15	0.5	568	48.0	Bank South
1,250	NA	42	—	1,292††	244	0.01	0.8	11,389	820.0	BankAmerica
1,500	–14	74	929	2,502	79	0.09	2.5	7,258	–979.9	Bankers Trust NY
321	4	—	—	321	732	0.12	0.3	325	20.5	BanPonce
952	2	64	—	1,016	343	0.09	1.6	3,038	256.7	Barnett Banks
1,273	37	654	793	2,720	67	0.17	2.9	1,220	114.4	Bausch & Lomb
1,461	46	67	175	1,703	157	0.14	7.4	7,399	446.0	Baxter International
396	NA	10	—	406	680	0.05	§	295	16.4	Bay View Capital
469	–7	20	—	489	621	0.31	0.8	1,108	63.1	BayBanks
378	NA	10	16	404	685	0.16	0.6	512	44.2	BB&T Financial
4,529	85	—	—	4,529	31	3.27	39.4	2,427	139.8	Bear Stearns Cos
585	28	10	—	595	546	0.03	0.8	1,834	213.7	Becton Dickinson
1,234	85	68	458	1,759	145	0.01	2.0	11,449	1,074.5	Bell Atlantic
1,285	10	33	—	1,318	238	0.01	2.8	13,996	1,695.0	BellSouth
1,227	20	39	—	1,266	255	3.29	35.7	1,578	120.9	Beneficial Corp
1,097	19	—	673	1,770	141	4.56	36.3	4,161	54.5	Bergen Brunswig
100	–1	—	—	100	774	44.68	3,430.4	2,484	447.5	Berkshire Hathaway
540	7	349	19	908	395	0.02	0.3	5,251	245.7	Bethlehem Steel
433	–23	8	—	440	652	0.45	1.1	2,104	–104.2	Beverly Enterprises
13,687	NA	14	—	13,702[2]	5	‡	§	247	810.8	BHC Commun
468	NA	—	—	468	632	49.67	32.2	1,561	3.1	Bindley Western Inds
1,302	54	574	—	1,877	132	0.01	§	3,615	–11.5	Black & Decker
708	16	281	—	983	355	6.42	117.4	975	107.2	H&R Block
NA	NA	—	—	—	—	7.19	143.3	403	44.2	Blockbuster
731	16	—	—	731	476	0.02	0.2	1,476	129.2	Boatmen's Bancshares
910	8	31	226	1,167	287	‡	0.8	20,276	675.0	Boeing
1,027	–2	67	—	1,094	317	0.21	2.8	4,338	267.6	Boise Cascade
1,491	6	207	—	1,698	158	0.04	1.8	7,593	–60.6	Borden
472	54	—	—	472	629	0.01	§	1,269	–16.1	Boston Edison
683	1	31	—	714	487	0.07	0.6	1,450	144.6	Bowater
1,686	NA	1,867	—	3,555	44	0.25	69.1	9,189	747.0	Bristol-Myers Squibb
812	83	22	2,844	3,678	39	19.05	51.3	622	28.9	Broad
1,264	36	107	—	1,370	223	34.08	607.9	989	77.7	Brown-Forman
575	–29	202	11	788**	444	0.33	1.5	1,821	33.8	Brown Group
1,166	46	70	—	1,236	264	0.01	0.6	2,683	269.4	Browning-Ferris Inds
325	16	34	—	359	709	10.79	118.8	2,271	53.6	Bruno's
762	–44	372	—	1,135	301	0.56	7.3	2,826	–71.3	Brunswick

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	as CEO
Burlington Northern/Gerald Grinstein	57	Seattle WA	Yale, BA '54/Harvard, LLB '57	legal	3	1
Burlington Resources/Thomas H O'Leary	56	New York NY	Holy Cross, BA '54/Pennsylvania, MBA '61	banking	8	1
Cabot/Samuel W Bodman	51	Chicago IL	Cornell, BS '61/MIT, PhD '64	investment	3	2
CalFed/Jerry St Dennis	48	Tacoma WA	UCLA, BA '65/UCLA, MA '67	financial	9	‡
CalMat/A Frederick Gerstell	52	New York NY	Princeton, AB '60	administration	15	2
Campbell Soup/David W Johnson	57	Australia	U of Sydney, BE '54/Chicago, MBA '58	administration	‡	‡
Capital Cities/ABC/Thomas S Murphy	64	Brooklyn NY	Cornell, BS '45/Harvard, MBA '49	sales	36	24
Capital Holding/Irving W Bailey II	48	Cambridge MA	Colorado, BA '63/NYU, MBA '68	investment	9	2
Carnival Cruise Lines/Micky Arison	40	Israel		administration	16	11
Carolina Power & Lt/Sherwood H Smith Jr	55	Jacksonville FL	N Carolina, AB '56/N Carolina, JD '60	legal	25	11
Carter Hawley Hale/Philip M Hawley	64	Portland OR	Calif Berkeley, BS '47	retailing	32	13
Castle & Cooke/David H Murdock	67	Kansas City MO		investment	8	5
Caterpillar/George A Schaefer	61	Covington KY	St Louis, BS '51	financial	39	5
CBI Industries/John E Jones	55	Kansas City MO	Carleton, BA '56	banking	10	1
CBS/Laurence A Tisch	67	Brooklyn NY	NYU, BS '42/Pennsylvania, MA '43	financial	4	3
Cellular Commun/William B Ginsberg*	46	Childress TX	Harvard, BA '66/Harvard, PhD '71	financial	10	9
Centel/John P Frazee Jr	45	Staunton VA	Randolph-Macon, BA '66	operations	18	3
Centerior Energy/Richard A Miller	63	Cleveland OH	Case Western Res, BBA '50/Harvard, LLB '53	legal	30	2
Centex/Laurence E Hirsch	44	New York NY	Pennsylvania, BS '68/Villanova, JD '71	legal	5	2
Central & So West/Merle L Borchelt	64	Mercedes TX	Louisiana Tech, BS '49	technical	41	2
Central Bancshares/Harry B Brock Jr*	64	Fort Payne AL	Alabama, BS '49	sales	19	19
Central Fidelity Bks/Carroll L Saine	55	Lincolnton NC	Lenoir-Rhyne, BA '54/Richmond, MS '65	banking	33	9
Champion Intl/Andrew C Sigler	58	Brooklyn NY	Dartmouth, BA '53/Dartmouth, MBA '56	sales	34	16
Chase Manhattan/Willard C Butcher	63	Bronxville NY	Brown, BA '47	banking	43	10
Chemical Banking/Walter V Shipley	54	Newark NJ	NYU, BS '61	banking	34	7
Chevron/Kenneth T Derr	53	Wilkes-Barre PA	Cornell, BSME '59/Cornell, MBA '60	technical	30	1
Chiquita Brands Intl/Carl H Lindner	71	Dayton OH		financial	6	6
Chrysler/Lee A Iacocca	65	Allentown PA	Lehigh, BS '45/Princeton, ME '46	operations	12	11
Chubb/Dean R O'Hare	47	Jersey City NJ	NYU, BS '63/Pace, MBA '68	insurance	27	2
Cigna/Wilson H Taylor	46	Hartford CT	Trinity College CT, BS '64	insurance	26	2
Cincinnati Bell/Dwight H Hibbard	66	Hadley MA	MIT, BS '49	technical	41	6
Cincinnati Financial/John J Schiff*	74	Cincinnati OH	Ohio St, BS '38	insurance	40	17
Cincinnati G&E/Jackson H Randolph	59	Cincinnati OH	Cincinnati, BBA '58/Cincinnati, MBA '68	financial	31	4
Circle K/Karl Eller	61	Chicago IL	Arizona, BA '52	marketing	7	7
Circuit City Stores/Richard L Sharp	43	Washington DC		technical	7	4
Circus Circus/William G Bennett*	65	Phoenix AZ		administration	16	16
Citadel Holding/William C Walbrecher Jr	50	Baltimore MD	U of Hawaii, BS '62/Pennsylvania, MBA '78	banking	1	1
Citicorp/John S Reed	51	Chicago IL	MIT, BS '61/MIT, MS '65	banking	25	6
Citizens & Southern/Bennett A Brown	60	Kingstree SC	Presbyterian, BS '50	banking	35	12
Citizens First Bncp/Richard G Kelley	58	Hyannis MA	Quinnipiac, BS '66/Rutgers, MBA '75	banking	20	10
Citizens Savings/Charles B Stuzin	48	Miami FL	Florida, BS '64/Miami, JD '67	legal	16	8
Citizens Utilities/Ishier Jacobson	67	Worcester MA	Harvard, LLB '51/Harvard, MS '47	administration	35	9
City National/Bram Goldsmith	67	Chicago IL		financial	15	15

*Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$1,460	8%	$9	—	$1,470	203	0.27%	$7.1	$4,606	$243.0	Burlington Northern
1,050	–22	707	—	1,757	146	0.03	1.5	1,715	458.1	Burlington Resources
442	12	18	—	459	641	0.72	5.4	1,863	13.7	Cabot
462	NA	41	—	503††	607	0.05	0.2	3,099	82.4	CalFed
708	24	—	—	708	489	0.12	1.1	669	78.1	CalMat
NA	NA	—	—	—	—	‡	§	6,003	37.1	Campbell Soup
958	6	305	—	1,263	256	0.79	76.5	4,957	485.7	Capital Cities/ABC
1,295	84	7	$74	1,375	221	0.13	2.7	2,500	275.7	Capital Holding
650	18	—	—	650	513	1.49	38.7	1,148	193.6	Carnival Cruise Lines
460	6	6	—	466	633	0.05	1.7	2,481	376.1	Carolina Power & Lt
750*	13	5	359	1,113	308	1.93	2.7	2,864	6.1	Carter Hawley Hale
1,300	–13	—	—	1,300	242	22.47	456.7	2,718	94.9	Castle & Cooke
894	35	126	519	1,539	187	0.02	1.2	11,126	497.0	Caterpillar
542	15	—	—	542	577	0.17	1.2	1,495	34.3	CBI Industries
1,326	6	34	—	1,360	224	‡	§	2,962	297.1	CBS
233	NA	—	—	233	761	1.01	11.1	84	–17.5	Cellular Commun
673	5	256	—	928	384	0.11	2.7	1,188	443.8	Centel
418	15	8	—	426	664	0.02	0.4	2,302	266.9	Centerior Energy
503	–1	30	—	533	583	‡	§	2,019	59.5	Centex
447	20	63	—	510	603	0.03	1.3	2,549	306.0	Central & So West
290	–45	3	9	302	741	5.13	15.3	476	41.9	Central Bancshares
475	0	17	—	492	617	0.20	0.8	537	54.4	Central Fidelity Bks
1,225	–11	16	520	1,761	143	0.11	2.8	5,163	432.4	Champion Intl
1,116	–20	62	289	1,467	204	0.03	1.1	13,904	–665.0	Chase Manhattan
1,120	–19	381	—	1,500	195	0.07	1.5	8,227	–482.2	Chemical Banking
940	17	94	—	1,034	340	0.02	3.9	29,443	251.0	Chevron
400	0	4	—	404	683	36.92	258.9	3,823	67.8	Chiquita Brands Intl
889	–36	19	2,414	3,322	50	0.09	3.0	34,922	359.0	Chrysler
1,073	41	109	—	1,182	285	0.03	1.0	4,023	420.8	Chubb
1,103	2	38	—	1,141	298	0.04	1.3	15,654	562.0	Cigna
1,019	58	70	557	1,646	170	0.18	2.5	900	94.4	Cincinnati Bell
609	11	—	444	1,052	334	3.82	45.4	974	114.5	Cincinnati Financial
405	33	4	—	409	678	0.02	0.3	1,438	239.7	Cincinnati G&E
718	64	—	825	1,543	186	7.10	5.0	3,731	–7.7	Circle K
767	28	—	—	767	454	1.46	17.1	1,969	72.4	Circuit City
800*	NA	—	—	800	439	17.48	260.2	522	75.1	Circus Circus
335*	NA	—	—	335	723	‡	§	481	8.1	Citadel Holding
1,484	–17	62	71	1,617	176	0.16	11.8	37,970	498.0	Citicorp
983	22	29	47	1,060	329	0.21	2.9	2,447	238.0	Citizens & Southern
717	NA	79	—	796	440	0.81	1.8	394	37.2	Citizens First Bncp
451	31	51	48	551	571	33.24	10.6	430	13.1	Citizens Savings
495	8	2	—	496**	613	0.07	1.1	339	88.7	Citizens Utilities
941	7	—	—	941	377	15.34	103.6	476	59.1	City National

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	as CEO
Clark Equipment/Leo J McKernan	52	Philadelphia PA		operations	16	4
Clorox/Charles R Weaver	61	King[illegible] IN	Purdue, BS '50	marketing	37	5
CMS Energy/William T McCormick Jr	45	Washington DC	Cornell, BS '66/MIT, PhD '69	technical	5	5
Coast Savings Finl/Ray Martin	54	Nogales AZ		banking	31	6
Coastal Corp/James R Paul	55	Wichita KS	Wichita St, BS '56	financial	17	1
Coca-Cola/Roberto C Goizueta	58	Cuba	Yale, BS '53	technical	36	9
Coca-Cola Enterprises/Brian G Dyson	54	Argentina	U of Buenos Aires, BA '59	financial	31	4
Colgate-Palmolive/Reuben Mark	51	Jersey City NJ	Middlebury, BA '60/Harvard, MBA '63	marketing	27	6
Colorado Natl Bkshs/Will F Nicholson Jr*	61	Colorado Spr CO	MIT, BS '50/Denver, MBA '56	banking	20	5
Columbia Gas System/John H Croom	57	Fayetteville NC	N Carolina St, BS '54	marketing	36	6
Columbia S&L Assn/Edward G Harshfield	53	New York NY	Southeastern U, BBA '62	banking	‡	‡
Comcast/Ralph J Roberts*	70	New York NY	Pennsylvania, BS '41	administration	28	28
Comdisco/Kenneth N Pontikes*	50	Chicago IL	Southern Illinois, BA '63	marketing	21	21
Comerica/Eugene A Miller	52	Detroit MI	Detroit Tech, BBA '64	banking	35	1
Commerce Bcshs/David W Kemper	39	Kansas City MO	Harvard, BA '72/Stanford, MBA '76	banking	12	4
Commercial Federal/William A Fitzgerald	52	Omaha NE	Creighton, BS '59	banking	35	15
Commonwealth Ed/James J O'Connor	53	Chicago IL	Holy Cross, BS '58/Georgetown, JD '63	administration	27	10
Community Psych/James W Conte*	62	Des Plaines IL	Roosevelt U, BS '50/Northwestern, MS '57	administration	21	13
Compaq Computer/Joseph R Canion*	45	Houston TX	Houston, BS '66/Houston, MS '68	technical	8	8
Computer Associates/Charles B Wang*	45	China	CUNY Queens, BS '67	technical	14	14
Computer Sciences/William R Hoover	60	Bingham CanyonUT	Utah, BS '53/Utah, MS '54	technical	26	18
ConAgra/Charles M Harper	62	Lansing MI	Purdue, BS '49/Chicago, MBA '50	administration	16	14
Conseco/Stephen C Hilbert*	44	Terre Haute IN		insurance	11	11
Consolidated Edison/Arthur Hauspurg	64	New York NY	Columbia, BS '45/Columbia, MS '47	technical	21	9
Consol Freightways/Lary R Scott	54	Cleveland OH	Bowling Green State U, BS '61	operations	23	2
Consol Natural Gas/George A Davidson Jr	51	Pittsburgh PA	Pittsburgh, BS '60	technical	24	3
Consolidated Papers/George W Mead	62	Milwaukee WI	Yale, BS '50/Inst Paper Chem, MS '52	operations	38	24
Consolidated Rail/James A Hagen	58	Forrest City IA	St Ambrose, BA '56/U of Iowa, MA '58	marketing	1	1
Contel/Donald W Weber	53	Turtle Creek PA	Duquesne, BS '61	financial	26	3
Continental Bank/Thomas C Theobald	53	Cincinnati OH	Holy Cross, AB '58/Harvard, MBA '60	banking	3	3
Continental Corp/John P Mascotte	51	Fort Wayne IN	Virginia, LLB '64	insurance	9	7
Control Data/Lawrence Perlman	52	St Paul MN	Carleton, BA 'NA/Harvard, JD 'NA	legal	10	‡
Cooper Industries/Robert Cizik	59	Scranton PA	Connecticut, BA '53/Harvard, MBA '58	financial	29	15
Adolph Coors/William K Coors	73	Golden CO	Princeton, BS '38/Princeton, MSCE '39	technical	51	1
CoreStates Financial/Terrence A Larsen	43	Chicago IL	Dallas, BA '68/Texas A&M, PhD '71	financial	13	2
Corning/James R Houghton	54	Corning NY	Harvard, AB '58/Harvard, MBA '62	administration	28	7
Costco Wholesale/James D Sinegal*	54	Pittsburgh PA	San Diego State, BA '59	retailing	5	2
CPC International/James R Eiszner	62	Chicago IL	Illinois, BS '50/Chicago, PhD '52	sales	27	6
Crane/Robert S Evans	46	Pittsburgh PA	Pennsylvania, BA '66/Columbia, MBA '68	financial	16	6
Cray Research/John A Rollwagen	49	Minneapolis MN	MIT, BS '62/Harvard, MBA '64	marketing	15	10
Crestar Financial/Richard G Tilghman	49	Norfolk VA	Virginia, BA '63	banking	23	5
CrossLand Savings FSB/Maurice L Reissman	47	Brooklyn NY	CUNY Baruch, BBA '89	banking	22	3
Crown Central Pet/Henry A Rosenberg Jr	60	Pittsburgh PA	Hobart, BA '52	administration	38	19

*Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$1,540	79%	$744	$530	$2,814	61	0.15%	$1.0	$1,392	$64.9	Clark Equipment
736	79	272	486	1,494	199	0.24	5.1	1,379	130.2	Clorox
725	16	—	661	1,386	219	0.08	1.9	2,961	312.1	CMS Energy
807	30	14	182	1,003	347	0.11	0.1	1,233	–74.2	Coast Savings Finl
958	NA	15	14	987††	353	0.07	2.1	8,271	170.1	Coastal Corp
2,542	17	2,400	5,872	10,814	9	0.31	81.1	8,966	1,723.8	Coca-Cola
851	–19	15	—	865	414	0.17	3.1	3,882	71.7	Coca-Cola Enterprises
1,407	14	50	844	2,300	85	0.11	4.2	5,039	280.0	Colgate-Palmolive
320	–16	6	15	341	719	1.01	1.6	356	4.6	Colorado Natl Bkshs
736	47	47	—	783	447	0.06	1.3	3,204	145.8	Columbia Gas System
NA	NA	—	—	—	—	‡	§	1,367	–195.7	Columbia S&L Assn
467	18	343	818	1,628**	174	10.57	126.3	527	–126.9	Comcast
2,711	224	—	—	2,711	69	21.64	159.8	1,758	110.0	Comdisco
728	31	—	—	728	478	0.13	0.9	1,250	77.6	Comerica
525	22	214	—	740	469	1.23	5.5	568	59.0	Commerce Bcshs
337	–39	—	—	337	721	1.45	0.3	577	–44.1	Commercial Federal
540	10	—	—	540	579	‡	0.4	5,751	693.7	Commonwealth Ed
1,025	52	32	2,293	3,350	48	1.32	14.6	319	72.0	Community Psych
2,115	13	—	—	2,115	105	0.22	8.1	2,876	333.3	Compaq Computer
1,794	25	18	—	1,812	137	4.68	104.1	1,244	145.8	Computer Associates
725	NA	4	2,069	2,798	63	0.93	6.5	1,443	58.4	Computer Sciences
1,444	10	3,085	723	5,252	22	1.32	44.7	14,467	223.5	ConAgra
1,692	NA	—	—	1,692**	161	8.58	9.3	659	47.2	Conseco
808	9	158	—	966	369	0.01	0.7	5,551	606.1	Consolidated Edison
468	–13	192	6	667	503	0.06	0.4	3,760	8.6	Consol Freightways
520	12	71	—	591	553	0.03	1.2	2,802	181.8	Consol Natural Gas
417	8	11	—	427	663	2.77	48.3	953	167.9	Consolidated Papers
305	–32	—	—	305	737	‡	§	3,411	148.0	Consolidated Rail
804	17	51	265	1,120	305	0.04	1.5	3,114	287.0	Contel
1,150	5	4	—	1,154	292	0.05	0.4	3,203	147.3	Continental Bank
844	40	64	—	908	394	0.03	0.5	6,079	153.1	Continental Corp
658	NA	158	—	816††	427	0.17	1.3	2,935	–680.4	Control Data
1,256	2	17	—	1,273	253	0.22	9.8	5,129	267.8	Cooper Industries
345	NA	—	—	345	716	[2]	§	1,764	13.1	Adolph Coors
852	12	54	—	906	398	0.03	0.7	1,888	198.7	CoreStates Financial
925	5	51	—	976	361	0.59	25.4	2,439	259.4	Corning
346	35	81	—	427	662	3.57	40.6	3,254	30.4	Costco Wholesale
1,330	13	936	—	2,266	88	0.15	7.8	5,103	327.5	CPC International
1,043	10	—	1,689	2,732	66	2.80	20.1	1,456	55.9	Crane
420	–22	—	7	428	660	0.14	1.6	785	89.0	Cray Research
608	23	39	—	647	516	0.13	0.9	1,178	103.8	Crestar Financial
556	–11	48	—	604	541	0.38	§	1,486	–191.7	CrossLand Savings FSB
921	NA	8	—	929	383	0.20	0.6	1,403	21.0	Crown Central Pet

[1] Sales and profits as reported in the Forbes 500s Annual Directory issue, Apr. 30, 1990. [2] Shares are held in a family trust. ‡Less than 0.01%. §Less than $100,000. **Prior-year data. ††New CEO; cash compensation is for another executive office. NA: Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years)	
					with firm	as CEO
Crown Cork & Seal/William J Avery	49	Chicago IL	Chicago, BS '68	operations	31	1
CSX/John W Snow	50	Toledo OH	U of Toledo, BA '62/Virginia, PhD '65	legal	13	1
Cullen/Frost Bankers/Thomas C Frost	62	San Antonio TX	Washington & Lee, BS '50	banking	40	19
Cummins Engine/Henry B Schacht	55	Erie PA	Yale, BS '56/Harvard, MBA '62	administration	26	21
Cyprus Minerals/Kenneth J Barr	63	Birmingham AL	Auburn, BS '47	operations	42	5
Dana/Southwood J Morcott	52	Covington GA	Davidson, BA '60/Michigan, MBA '63	operations	27	1
Dauphin Deposit/William J King	61	Philadelphia PA	Pennsylvania, BA '74/La Salle University, MBA '80	banking	11	4
Dayton Hudson/Kenneth A Macke	51	Templeton IA	Drake, BS '61	retailing	29	7
DCNY Corp/Edward J Sawicz	42	Buffalo NY	St Bonaventure U, BS '72/Fordham, MA '73	operations	15	1
Dean Foods/Howard M Dean Jr	53	NA	So Methodist, BBA '60/Northwestern, MBA '61	administration	35	3
Deere & Co/Hans W Becherer	55	Detroit MI	Trinity College CT, BA '57/Harvard, MBA '62	marketing	28	1
Delmarva Power & Lt/Nevius M Curtis	60	Holyoke MA	Haverford, BA '51/Stanford, MBA '56	administration	12	6
Delta Air Lines/Ronald W Allen	48	Atlanta GA	Georgia Tech, BSIE '64	administration	27	3
Deluxe/Harold V Haverty	60	Detroit MI		operations	36	4
Deposit Guaranty/Emerson B Robinson Jr	48	Centreville MS	Davidson, BS '63/Harvard, MBA '67	banking	23	6
Detroit Edison/John E Lobbia	48	Chicago IL	U of Detroit, BSEE '64	technical	26	‡
Diamond Shamrock/Roger R Hemminghaus	53	St Louis MO	Auburn, BS '58	technical	6	3
Digital Equipment/Kenneth H Olsen*	64	Bridgeport CT	MIT, BS '50/MIT, MS '52	technical	33	33
Dillard Dept Stores/William T Dillard Sr*	75	Mineral Spr AR	Arkansas, BBA '35/Columbia, MS '37	retailing	51	51
Dime Savings Bank FSB/Harry W Albright Jr	65	Albany NY	Yale, BA '49/Cornell, LLB '52	banking	15	10
Walt Disney/Michael D Eisner	48	New York NY	Denison, BA '64	operations	6	6
Dominion Bankshares/Warner N Dalhouse	55	Roanoke VA	Virginia, BS '56	marketing	34	9
Dominion Resources/William W Berry	58	Norfolk VA	Va Military Inst, BS '54/Richmond, MS '64	technical	3	7
RR Donnelley & Sons/John R Walter	43	Pittsburgh PA	Miami of OH, BS '68	administration	21	1
Dover/Gary L Roubos	53	Denver CO	Colorado, BS '59/Harvard, MBA '63	operations	19	9
Dow Chemical/Frank P Popoff	54	Bulgaria	Indiana, BA '59/Indiana, MBA '59	marketing	31	2
Dow Jones/Warren H Phillips	63	New York NY	CUNY Queens, BA '47	journalism	43	15
Downey S&L Assn/Gerald H McQuarrie*	68	Minersville UT	Compton, BA '41	administration	33	12
DPL/Peter H Forster	48	Germany	U Wisconsin Mil, BS '64/Columbia, JD '72	operations	17	5
DQE/Wesley W von Schack	46	New York NY	Fordham, AB '65/St John's, MBA '72	financial	6	4
Dresser Industries/John J Murphy	58	Olean NY	Rochester Ins Tech, BS '52/So Methodist, MBA '81	operations	38	7
Dreyfus/Howard Stein	63	New York NY		investment	35	19
EI du Pont de Nemours/Edgar S Woolard Jr	56	Washington NC	N Carolina St, BS '56	operations	32	1
Duke Power/William S Lee	60	Charlotte NC	Princeton, BS '51	technical	35	8
Dun & Bradstreet/Charles W Moritz	53	Washington DC	Yale, BA '58	marketing	30	5
E-Systems/Edwin G Keiffer	60	Dallas TX	So Methodist, BSEE '55/So Methodist, MSEE '62	technical	40	1
Eastman Kodak/Colby H Chandler	65	Strong ME	Maine, BS '50/MIT, MS '63	technical	40	7
Eaton/James R Stover	63	Marion IN	George Washington, LLB '55	operations	35	4
EG&G/John M Kucharski	54	Milwaukee WI	Marquette, BS '58/George Washington, JD '65	technical	18	3
Emerson Electric/Charles F Knight	54	Lake Forest IL	Cornell, BME '58/Cornell, MBA '59	administration	17	17
Engelhard/Orin R Smith	54	Newark NJ	Brown, BA '57/Seton Hall, MBA '64	marketing	13	6
Enron/Kenneth L Lay	48	Tyrone MO	Missouri, BA '64/Houston, PhD '70	administration	6	6
Enserch/William C McCord	62	San Antonio TX	Texas A&M, BA '49	technical	41	19

*Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$352	–23%	$1	$1,830	$2,183	97	0.24%	$4.0	$1,910	$94.2	Crown Cork & Seal
889	9	—	178	1,066	328	0.03	1.1	7,745	452.0	CSX
347	14	21	—	368	704	4.69	3.8	350	2.7	Cullen/Frost Bankers
528	17	411	—	939	379	0.09	0.4	3,511	–6.1	Cummins Engine
734	41	3	599	1,336	231	0.17	1.8	1,790	250.1	Cyprus Minerals
561	NA	258	104	923	388	0.10	1.3	5,157	132.1	Dana
423	8	—	2	425	666	0.08	0.3	329	44.4	Dauphin Deposit
1,447	24	3	—	1,450	211	0.10	4.8	13,644	410.0	Dayton Hudson
300	NA	—	—	300	742	0.17	0.1	281	–1.9	DCNY Corp
567	3	369	114	1,050	335	0.62	5.3	1,783	61.5	Dean Foods
769	NA	4	205	978	359	0.02	0.9	7,488	410.4	Deere & Co
360	10	—	—	360	708	0.01	0.1	790	91.3	Delmarva Power & Lt
672	47	239	503	1,414	214	0.02	0.6	8,572	473.2	Delta Air Lines
597	17	47	—	644	518	0.05	1.3	1,316	152.6	Deluxe
255	13	11	—	266	755	0.41	0.8	385	31.7	Deposit Guaranty
317	NA	7	—	324††	731	‡	0.2	3,203	426.0	Detroit Edison
596	4	10	136	742	467	0.11	0.7	2,091	60.1	Diamond Shamrock
950	2	—	—	950	375	1.99	204.0	12,937	875.8	Digital Equipment
1,619	36	97	—	1,716	155	3.88	99.7	3,049	148.1	Dillard Dept Stores
500	–10	15	—	515	601	0.28	0.5	1,151	–89.8	Dime Savings Bank FSB
9,589	28	6	—	9,595	10	0.28	42.6	4,839	729.4	Walt Disney
712	41	6	—	719	484	0.11	0.6	1,059	94.1	Dominion Bankshares
587	5	—	—	587	555	0.02	0.7	3,700	410.7	Dominion Resources
629	55	76	85	790	443	0.04	1.3	3,122	221.9	RR Donnelley & Sons
725	–22	390	—	1,115	307	0.09	2.1	2,120	144.0	Dover
963	–7	364	919	2,246	91	0.02	4.8	17,600	2,487.0	Dow Chemical
730	5	542	—	1,322	235	0.04	1.1	1,688	317.0	Dow Jones
416	–49	—	—	416	672	11.67	30.6	383	2.7	Downey S&L Assn
568	67	—	—	568	564	0.02	0.2	956	136.4	DPL
337	29	—	—	337	720	0.02	0.2	1,121	113.0	DQE
994	2	27	946	1,967	122	0.09	2.8	3,982	161.2	Dresser Industries
2,384	56	1,187	—	3,571	42	2.83	36.3	272	147.9	Dreyfus
1,287	23	9	1,272	2,569	72	0.08	20.0	35,099	2,480.0	EI du Pont de Nemours
497	4	138	—	635	524	0.05	2.5	3,639	571.6	Duke Power
1,272	14	478	—	1,750	147	0.04	2.9	4,322	586.4	Dun & Bradstreet
753	–20	408	57	1,218	267	0.14	1.2	1,626	83.0	E-Systems
1,042	–17	—	109	1,151	295	‡	1.1	18,398	529.0	Eastman Kodak
1,150	0	11	509	1,670	167	0.12	2.4	3,671	224.9	Eaton
456	–33	—	136	592	550	0.05	0.5	1,650	69.9	EG&G
1,777	6	10	—	1,787	139	0.21	18.4	6,998	593.1	Emerson Electric
967	11	3	—	970	367	0.42	3.5	2,403	–77.5	Engelhard
1,365	40	129	554	2,049	117	0.24	6.3	9,836	226.1	Enron
744	14	7	181	932	381	0.04	0.6	2,742	73.4	Enserch

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Enstar Group/Richard J Grassgreen	50	New York NY	U of Iowa, LLB '64	legal	21	1
Entergy/Edwin Lupberger	53	Atlanta GA	Davidson, BA '58/Emory, MBA '63	financial	11	4
Equimark/Alan S Fellheimer	47	Philadelphia PA	Temple, BA '68/Temple, JD '71	legal	6	5
Equitable of Iowa/Frederick S Hubbell	39	Des Moines IA	N Carolina, BA '73/U of Iowa, JD '76	legal	7	1
Ethyl/Floyd D Gottwald Jr	67	Richmond VA	Va Military Inst, BS '43/Richmond, MS '51	administration	47	20
Exxon/Lawrence G Rawl	62	Lyndhurst NJ	Oklahoma, BS '52	technical	38	3
Farm & Home Finl/Daniel C Arnold	60	Houston TX	Texas, BBA '51/Texas, LLB '53	banking	1	1
FarWest Financial/F[illegible] Kayne	51	Chicago IL	MIT, BS '60	banking	3	2
Federal Express/Frederick W Smith*	45	Marks MS	Yale, BA '66	technical	19	19
Federal Natl Mortgage/David O Maxwell	60	Philadelphia PA	Harvard, LLB '55	legal	9	9
Federal Paper Board/John R Kennedy	59	New York NY	Georgetown, BS '52	sales	39	15
Fieldcrest Cannon/Joseph B Ely II	51	Boston MA	Boston U, BS '65/Boston U, PhD '81	administration	13	5
Fifth Third Bancorp/Clement L Buenger	64	Fort Thomas KY	Xavier, BA '50	banking	21	9
Fin Cp Santa Barbara/Philip R Brinkerhoff	47	Wilmington NC	Brigham Young, BS '66/Harvard, JD '69	financial	5	5
First Alabama Bcshs/Willard L Hurley	63	Gainesville GA	Huntingdon, BA '50	banking	32	6
First American Corp/Kenneth L Roberts	57	Dungannon VA	Vanderbilt, BA '54/Vanderbilt, LLB '59	banking	14	13
First Bncp Ohio/Howard L Flood	55	Staten Island NY		banking	27	5
First Bank System/John F Grundhofer	51	Los Angeles CA	Loyola, BA '60/USC, MBA '64	banking	‡	‡
First Capital Holding/Robert I Weingarten*	48	Brooklyn NY	CUNY City Col, BBA '62	investment	19	7
First Chicago/Barry F Sullivan	59	Bronx NY	Columbia, BA '55/Chicago, MBA '57	banking	10	10
First Citizens Bcshs/Lewis R Holding	62	Smithfield NC	N Carolina, BS '50/Harvard, MBA '52	financial	37	33
First City Bncp Texas/A Robert Abboud	60	Boston MA	Harvard, BS '51/Harvard, LLB '56	financial	3	2
First Commerce/Ian Arnof	50	Memphis TN	Vanderbilt, BA '61/Harvard, MBA '63	banking	12	7
First Empire State/Robert G Wilmers	56	New York NY	Harvard, BA '56	banking	8	7
First Executive/Fred Carr	59	Los Angeles CA		financial	16	16
First Fidelity Bncp/Anthony P Terracciano	51	Bayonne NJ	St Peter's, BS '60/Fordham, MA '62	banking	‡	‡
First Financial Mgmt/Patrick H Thomas	47	Atlanta GA	Georgia St, BS 'NA/Georgia St, MS 'NA	banking	19	16
First Florida Banks/A Bronson Thayer	50	Mineola NY	Harvard, BA '61/NYU, MBA '67	financial	8	7
First Hawaiian/Walter A Dods Jr	49	Honolulu HI	U of Hawaii, BBA '67	marketing	21	1
First Interstate Bncp/Joseph J Pinola	65	Pittston PA	Bucknell, BA '49	banking	14	12
First of America Bank/Daniel R Smith	56	Kalamazoo MI	Western Michigan, RBA '55	banking	34	5
First Security/Spencer F Eccles	55	Ogden UT	Utah, BS '56/Columbia, MA '59	banking	31	9
First Tennessee Natl/Ronald Terry	59	Memphis TN	Memphis St, BS '52	banking	33	17
First Union/Edward E Crutchfield Jr	48	Dearborn MI	Davidson, BA '63/Pennsylvania, MBA '65	banking	25	6
First Virginia Banks/Robert H Zalokar	63	West Mineral KS	Kansas, BS '50	banking	35	5
First Wachovia/John G Medlin Jr	56	Benson NC	N Carolina, BS '56	banking	31	13
Firstar/John H Hendee Jr	64	Milwaukee WI	Williams, BA '49/Wisconsin, MBA '56	banking	41	2
FirstFed Michigan/Carlos G Harling	44	Gainesville FL	Florida, BBA '68/Wayne State, MBA '69	financial	11	‡
FirsTier Financial/David A Rismiller	54	Baltimore MD	Ohio St, BS	banking	2	1
Fleet/Norstar Finl/Terrence Murray	50	Woonsocket RI	Harvard, BA '62	banking	28	8
Fleetwood Enterprises/John C Crean*	64	Bowden ND		administration	40	40
Fleming Cos/E Dean Werries	61	Tescott KS	Kansas, BS '52	operations	36	2
FlightSafety Intl/Albert L Ueltschi*	73	Frankfort KY		technical	39	39

*Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
NA	0	—	—	—	—	1.73%	$3.0	$659	$-150.7	Enstar Group
$691	87%	$12	—	$703	490	‡	0.1	3,724	-472.6	Entergy
1,146	4	70	—	1,216	268	2.01	2.0	447	22.4	Equimark
378	NA	4	—	381	692	0.42	0.9	587	20.6	Equitable of Iowa
861	8	10	—	871	413	5.12	153.5	2,432	219.5	Ethyl
1,385	2	73	—	1,458	208	0.01	6.5	86,656	2,975.0	Exxon
228	-32	—	—	228	762	1.13	0.5	308	-27.4	Farm & Home Finl
450*	-17	—	—	450	645	0.51	§	555	-11.1	FarWest Financial
880	36	—	—	880	410	8.16	235.4	6,769	113.6	Federal Express
1,318	32	832	$2,632	4,782	28	0.04	3.6	11,557	807.3	Federal Natl Mortgage
1,627	-5	45	2,845	4,517	32	2.04	16.9	1,310	205.5	Federal Paper Board
739	NA	—	—	739	471	‡	§	1,362	23.4	Fieldcrest Cannon
764	20	—	209	973	362	0.42	5.4	768	108.2	Fifth Third Bancorp
356*	-15	—	—	356	711	2.38	§	460	-30.0	Fin Cp Santa Barbara
563	3	29	157	749	465	0.09	0.4	568	62.6	First Alabama Bcshs
375	-6	37	82	494	614	0.48	1.5	751	4.2	First American Corp
293	1	4	—	297	745	0.08	0.3	329	38.6	First Bncp Ohio
NA	NA	—	—	—	—	‡	§	2,500	2.4	First Bank System
1,900	32	4	—	1,904	129	0.77	1.8	973	69.5	First Capital Holding
1,461	-4	4	—	1,465	206	0.27	5.3	5,551	358.7	First Chicago
323	7	42	—	366	705	9.87	37.9	375	27.1	First Citizens Bcshs
739	134	13	—	752	464	5.29	29.9	1,458	112.2	First City Bncp Texas
505	12	21	—	526	590	0.50	1.3	456	28.2	First Commerce
466	4	9	—	475	628	7.57	32.4	628	50.7	First Empire State
605	-66	—	1,648	2,252	89	[illegible]	2.9	2,288	52.5	First Executive
575*	NA	—	—	575	559	‡	§	2,993	159.5	First Fidelity Bncp
2,506	NA	118	—	2,624	71	1.38	7.3	889	56.8	First Financial Mgmt
9‡‡	0	—	—	9	777	0.09	0.3	551	39.5	First Florida Banks
519	NA	—	—	519	596	0.79	4.5	473	57.4	First Hawaiian
1,069	12	317	122	1,508	194	0.06	1.3	6,535	-151.9	First Interstate Bncp
650	16	—	—	650	512	0.11	0.9	1,306	122.9	First of America Bank
412	11	4	—	415	673	3.89	17.2	607	43.1	First Security
371	5	167	1,192	1,730	153	1.30	4.7	709	28.8	First Tennessee Natl
1,020	13	79	—	1,099	314	0.07	1.3	3,313	256.2	First Union
577	6	20	191	787	445	0.13	0.8	535	67.4	First Virginia Banks
818	-3	46	55	919	391	0.09	2.3	2,433	269.0	First Wachovia
609	15	36	405	1,049	336	0.28	1.8	923	87.2	Firstar
370*	NA	—	—	370	703	0.15	§	1,156	10.5	FirstFed Michigan
309	NA	—	—	309††	736	0.09	0.2	248	20.5	FirsTier Financial
1,327	32	42	1,462	2,831	59	0.13	2.8	3,658	371.3	Fleet/Norstar Finl
770	26	450	—	1,220	266	18.20	106.8	1,543	55.6	Fleetwood Enterprises
541	-1	13	—	555	570	0.25	2.4	12,045	80.1	Fleming Cos
299	NA	—	—	299	744	3.48	633.8	209	65.6	FlightSafety Intl

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Florida Federal/John W Sapanski	59	Brooklyn NY	CUNY City Col, BBA '57/City Col, MBA '60	banking	2	2
Florida Progress/Jack B Critchfield	57	Rockwood PA	Slippery Rock U, BS '55/Pittsburgh, MA '60	administration	7	‡
Fluor/Leslie G McCraw	55	Sandy Springs SC	Clemson, BSCE '56	technical	13	‡
FMC/Robert H Malott	63	Boston MA	Kansas, AB '48/Harvard, MBA '50	operations	37	18
Food Lion/Tom E Smith	49	Salisbury NC	Catawba, BA '64	retailing	20	4
Ford Motor/Harold A Poling	64	Detroit MI	Monmouth, BA '49/Indiana, MBA '51	financial	39	‡
Fortune Financial/John A Moran	58	Los Angeles CA	Utah, BS '54	banking	23	‡
Foster Wheeler/Louis E Azzato	59	New York NY	CUNY City Col, BS '52	technical	38	9
Fourth Financial/Jordan L Haines	63	Sabetha KS	Kansas, BA '49/Kansas, LLD '57	administration	28	5
FPL Group/James L Broadhead	55	New Rochelle NY	Cornell, BSME '58/Columbia, JD '63	technical	2	1
Franklin Resources/Charles B Johnson	57	Montclair NJ	Yale, BA '54	financial	33	19
Freeport-McMoRan/James R Moffett	51	Houma LA	Texas, BS '61/Tulane, MS '63	technical	20	6
Fruit of the Loom/William Farley	47	Pawtucket RI	Bowdoin, AB '64/Boston C, JD '69	legal	14	5
Fund American Cos/John J Byrne	57	Passaic NJ	Rutgers, BS '54/Michigan, MS '59	insurance	5	5
Gannett/John J Curley	51	Easton PA	Dickinson, BA '60/Columbia, MS '63	journalism	20	4
Gap/Donald G Fisher*	61	San Francisco CA	Calif Berkeley, BS '50	investment	21	21
GATX/James J Glasser	55	Chicago IL	Yale, AB '55/Harvard, JD '58	legal	29	12
Geico/William B Snyder	60	Clarksburg WV	Texas Tech, BS '55	marketing	13	5
GenCorp/A William Reynolds	56	Columbus OH	Harvard, AB '55/Stanford, MBA '57	administration	6	5
Genentech/G Kirk Raab	54	New York NY	Colgate, BS '59	marketing	5	‡
General Cinema/Richard A Smith	65	Boston MA	Harvard, BS '46	administration	43	43
General Dynamics/Stanley C Pace	68	Burkesville KY	US Military Acad, BS '43/Cal Tech, MS '49	administration	5	4
General Electric/John F Welch Jr	54	Peabody MA	Massachusetts, BS '57/Illinois, PhD '60	technical	30	9
General Instrument/Frank G Hickey	62	Stevens Point WI	Dayton, BS '50	marketing	25	15
General Mills/H Brewster Atwater Jr	59	Minneapolis MN	Princeton, AB '52/Stanford, MBA '54	marketing	32	9
General Motors/Roger B Smith	64	Columbus OH	Michigan, BBA '47/Michigan, MBA '49	financial	41	9
General Public Utils/Standley H Hoch	57	Canonsburg PA	Oberlin, BA '54	financial	1	1
General Re/Ronald E Ferguson	48	Chicago IL	Blackburn, BA '63/Michigan, MS '65	insurance	21	3
General Signal/Edmund M Carpenter	48	Toledo OH	Michigan, BSE '63/Michigan, MBA '64	operations	2	2
Genuine Parts/Larry L Prince	51	Dyersburg TN	Memphis St	administration	32	‡
Georgia Gulf/James R Kuse	59	Lincoln NE	Oregon St, BS '53	technical	23	5
Georgia-Pacific/T Marshall Hahn Jr	63	Lexington KY	Kentucky, BS '45/MIT, PhD '50	technical	15	7
Gerber Products/Alfred A Piergallini	43	Martin's Creek PA	Lafayette, BA '68/Chicago, MBA '70	marketing	1	‡
Giant Food/Israel Cohen*	77	Israel		administration	54	13
Gillette/Colman M Mockler Jr	60	St Louis MO	Harvard, AB '52/Harvard, MBA '54	financial	33	15
PH Glatfelter/Thomas C Norris	52	York PA	Gettysburgh College, BA '60	administration	30	10
GlenFed/Norman M Coulson	57	Hilt CA	Cal St Long Beach, BA '57/Pepperdine, MBA '73	banking	38	3
Golden West Finl/Herbert M Sandler[1]	58	New York NY	CUNY City Col, BSS '51/Columbia, JSD '54	financial	27	27
Goldome/Thomas A Cooper	53	Philadelphia PA	Haverford, BA '57	banking	1	1
BF Goodrich/John D Ong	56	Uhrichsville OH	Ohio St, BA '54/Harvard, LLB '57	operations	29	11
Goodyear/Tom H Barrett	59	Topeka KS	Kansas St, BS '53/MIT, MA '69	technical	37	1
WR Grace/J Peter Grace	77	Manhasset NY	Yale, BA '36	financial	54	45
WW Grainger/David W Grainger	62	Chicago IL	Wisconsin, BS '50	administration	40	16

[1] Office jointly held with Marion O Sandler. *Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$345	25%	$49	—	$394	689	0.06%	§	$448	$–72.1	Florida Federal
400*	NA	—	—	400	686	‡	§	2,129	187.1	Florida Progress
748	NA	1,039	$1,064	2,850††	56	0.06	$2.1	6,733	115.1	Fluor
1,090	4	106	—	1,195	280	0.67	7.2	3,415	156.7	FMC
581	9	30	33	644	519	0.85	33.9	4,717	139.8	Food Lion
2,149	NA	50	—	2,199††	95	0.04	7.8	96,146	3,835.0	Ford Motor
NA	NA	—	—	—	—	0.74	0.3	312	–9.3	Fortune Financial
445	NA	—	—	445	649	0.12	0.9	1,243	33.6	Foster Wheeler
446	21	20	110	575	558	0.51	2.3	304	34.4	Fourth Financial
793	NA	11	—	804	437	‡	§	6,180	410.4	FPL Group
452	NA	18	—	471	630	20.64	243.7	263	82.4	Franklin Resources
1,359	–13	1,086	11,072	13,517	6	1.18	21.0	1,958	149.9	Freeport-McMoRan
NA	NA	—	—	—	—	27.77	228.6	1,321	72.0	Fruit of the Loom
850	–24	70	—	920	390	0.29	3.1	3,490	73.3	Fund American Cos
1,281	5	24	—	1,305	240	0.06	3.6	3,518	397.5	Gannett
1,746	27	15	—	1,761	144	41.47	930.6	1,587	97.6	Gap
817	NA	97	804	1,718	154	0.53	3.3	702	65.7	GATX
700	0	265	—	965	370	0.36	8.2	1,939	213.1	Geico
795	–5	14	—	809	430	0.15	0.6	1,938	210.0	GenCorp
NA	NA	—	—	—	—	0.02	0.4	383	44.0	Genentech
1,051	–14	2	—	1,054	332	24.28	366.6	1,991	947.5	General Cinema
1,199	15	120	—	1,318	237	0.04	0.7	10,043	293.1	General Dynamics
2,580	10	69	917	3,566	43	0.02	11.8	54,574	3,939.0	General Electric
928	16	31	—	959	373	0.22	2.5	1,355	97.9	General Instrument
1,431	9	434	—	1,865	133	0.15	8.7	6,180	341.7	General Mills
1,092	11	1,017	—	2,109	109	0.01	4.6	126,932	4,224.3	General Motors
513	14	3	—	516	600	‡	§	2,911	282.5	General Public Utils
1,105	13	124	281	1,511	192	0.02	1.6	2,771	598.5	General Re
1,052	60	944	—	1,996	120	0.08	0.9	1,918	78.5	General Signal
522	NA	—	96	618††	535	0.04	1.3	3,161	199.5	Genuine Parts
896	7	—	—	896	402	6.10	66.2	1,104	192.0	Georgia Gulf
1,700	79	281	—	1,981	121	0.17	5.9	10,171	661.0	Georgia-Pacific
NA	NA	—	—	—	—	‡	§	1,134	92.6	Gerber Products
1,247	26	—	—	1,247	261	4.53	73.8	3,249	108.4	Giant Food
1,105	17	55	—	1,160	288	0.19	9.4	3,819	284.7	Gillette
619	12	—	—	619	533	0.24	2.2	599	92.9	PH Glatfelter
757	17	23	218	998	349	0.12	0.4	2,732	116.0	GlenFed
666	10	—	620	1,286	247	6.78	110.2	1,941	157.9	Golden West Finl
737	32	65	—	802	438	0.07	§	1,379	–253.0	Goldome
1,036	8	311	—	1,347	229	0.18	1.9	2,420	172.4	BF Goodrich
955	9	—	—	955	374	0.02	0.4	10,869	189.4	Goodyear
1,530	10	1,212	546	3,288	52	0.35	8.0	6,115	253.2	WR Grace
847	33	—	—	847	417	10.56	206.1	1,727	119.6	WW Grainger

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years)	
					with firm	as CEO
Great American Bank/Gordon C Luce	64	San Diego CA	Stanford, BA '50/Stanford, MBA '52	financial	20	20
Great American Mgmt/Samuel Zell	48	Chicago IL	Michigan, BA '61/Michigan, JD '63	investment	9	9
Great A&P Tea/James Wood	60	England		retailing	10	10
Great Lakes Bancorp/Roy E Weber	61	Ann Arbor MI		banking	40	21
Great Lakes Chemical/Emerson Kampen	62	Kalamazoo MI	Michigan, BS '51	operations	39	13
Gt Western Financial/James F Montgomery	55	Topeka KS	UCLA, BS '57	financial	15	11
Greater NY Savings/Charles J Ohlig	53	Jamaica NY	Pace, BBA '71	investment	9	2
Greyhound Dial/John W Teets	56	Elgin IL		administration	26	9
Grumman/John O'Brien	59	New York NY	SUNY Farmingdale, BS '51	technical	36	2
GTE/James L Johnson	63	Vernon TX	Texas Tech, BA '49	financial	41	2
Gulf States Utils/E Linn Draper Jr	48	Houston TX	Rice, BS '65/Cornell, PhD '70	technical	11	4
Halliburton/Thomas H Cruikshank	58	Lake Charles LA	Rice, BA '52/Houston, MA '55	legal	21	7
MA Hanna/Martin D Walker	57	Indianapolis IN	GMI Inst, BS '54/Michigan St, MBA '70	operations	4	4
Hannaford Bros/James L Moody Jr	58	Manchester NH	Bates, BA '53	financial	31	17
Hanover Insurance/William J O'Brien	57	Yonkers NY	Fordham, BS '54	insurance	19	10
Harcourt Brace/Peter W Jovanovich	41	New York NY	Princeton, BA '72	administration	10	‡
Harnischfeger Inds/William W Goessel	62	Beloit WI	Carthage, BA '50	operations	8	5
Harris Corp/John T Hartley	60	Jacksonville FL	Auburn, BS '55	operations	34	4
Harsco/Malcolm W Gambill	59	Crumpler NC	Yale, BS '53	operations	35	3
Hartford Steam Boiler/Wilson Wilde	62	Hartford CT	Williams, BA '49	insurance	36	19
Hasbro/Alan G Hassenfeld	41	Providence RI	Pennsylvania, BA '70	operations	20	1
Hawaiian Electric/C Dudley Pratt Jr	62	Honolulu HI	Yale, BS '50/U of Hawaii, MBA '71	technical	37	9
HJ Heinz/Anthony J F O'Reilly	54	Ireland	U of Dublin, BCL '58/U of Bradford, PhD '80	marketing	21	11
Henley Group/Michael D Dingman	58	New Haven CT		administration	20	20
Hercules/David S Hollingsworth	62	Wilmington DE	Lehigh, BS '48	technical	42	3
Hershey Foods/Richard A Zimmerman	58	Lebanon PA	Penn St, BA '53	operations	32	6
Hewlett-Packard/John A Young	58	Nampa ID	Oregon St, BS '53/Stanford, MBA '58	technical	32	12
Hibernia/Martin C Miler	55	Mason City IA	William & Mary, BA '57/Pennsylvania, MBA '59	banking	17	17
Hillenbrand Inds/W August Hillenbrand	49	Batesville IN	St Joseph's, BS '65	administration	24	1
Hills Dept Stores/Stephen A Goldberger	47	Cambridge MA	Brown, AB '64/Harvard, MBA '66	administration	19	4
Hilton Hotels/Barron Hilton	62	Dallas TX		administration	36	24
Home Depot/Bernard Marcus*	61	Newark NJ	Rutgers, BS '54	administration	12	12
HomeFed/Robert F Adelizzi	55	Philadelphia PA	Dartmouth, AB '57/U of San Diego, JD '63	financial	27	‡
Homestake Mining/Harry M Conger	59	Seattle WA	Colo Sch Mines, EM '55	technical	15	11
Homestead Financial/Lawrence Weissberg	69	New York NY		banking	30	30
Honeywell/James J Renier	60	Duluth MN	Col of St Thomas, BS '51/Iowa St, PhD '55	technical	34	3
Geo A Hormel/Richard L Knowlton	57	Austin MN	Colorado, BA '54	marketing	42	9
Household Intl/Donald C Clark	58	Brooklyn NY	Clarkson, BBA '53/Northwestern, MBA '61	financial	35	8
Houston Industries/Don D Jordan	58	Corp Christi TX	Texas, BBA '54/S Texas Col of Law, JD '69	legal	34	13
Howard Savings Bank/Leo J Rodgers Jr†	54	Trenton NJ	Villanova, BA '58/Temple, MA '63	banking	25	‡
Hubbell/G J Ratcliffe	53	Charleston WV	Virginia, LLB '61	legal	16	2
Humana/David A Jones*	58	Louisville KY	Louisville, BS '54/Yale, JD '60	legal	29	29
Huntington Bcshs/Frank Wobst	56	Germany	U of Erlangen, BA '55/Rutgers, MBA '64	banking	16	9

*Company founder. †Acting CEO. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$599	–4%	$1	—	$600	544	0.15%	$0.1	$1,593	$–123.9	Great American Bank
28‡‡	0	—	—	28	776	‡	§	2,046	–7.7	Great American Mgmt
3,193	59	2,024	$5,900	11,117	8	0.03	0.6	11,148	146.7	Great A&P Tea
470	14	—	64	534	581	1.12	0.7	384	13.7	Great Lakes Bancorp
824	11	5	111	941	378	0.78	14.8	792	122.9	Great Lakes Chemical
1,298	0	72	—	1,370	222	0.15	3.1	3,824	100.1	Gt Western Financial
435	2	29	—	464	636	0.13	0.1	297	12.2	Greater NY Savings
1,761	14	166	352	2,279	87	0.34	4.1	3,537	108.7	Greyhound Dial
564	11	20	—	584	556	0.08	0.3	3,506	67.3	Grumman
1,411	27	245	—	1,656	168	‡	1.4	17,424	1,417.3	GTE
344	13	10	—	354	712	0.01	0.2	1,607	13.3	Gulf States Utils
675	6	20	—	695	496	0.09	4.2	5,661	133.7	Halliburton
1,013	18	—	—	1,013	344	‡	§	1,110	86.9	MA Hanna
711	NA	456	233	1,399	216	1.75	12.4	1,521	37.4	Hannaford Bros
372	22	27	—	399	688	0.16	0.9	1,622	82.8	Hanover Insurance
400	NA	4	—	404††	684	0.14	0.4	1,342	104.4	Harcourt Brace
906	NA	—	—	906	397	0.03	0.2	1,568	59.3	Harnischfeger Inds
843	6	233	—	1,076	325	0.04	0.5	2,656	31.9	Harris Corp
566	NA	8	—	574	560	0.09	0.5	1,351	11.4	Harsco
805	NA	127	—	932	380	0.39	4.4	485	77.6	Hartford Steam Boiler
996	NA	62	—	1,058	330	3.10	32.0	1,410	92.2	Hasbro
510	0	298	—	808	431	0.03	0.2	884	64.1	Hawaiian Electric
1,129	3	1,643	—	2,771	64	0.21	17.1	6,022	486.3	HJ Heinz
1,010	–13	70	—	1,080	324	1.62	12.6	1,566	–187.0	Henley Group
544	–11	—	—	544	575	0.05	0.8	3,092	–96.4	Hercules
805	10	381	—	1,186	284	0.16	4.6	2,421	171.1	Hershey Foods
1,585	18	136	1,440	3,161	53	0.07	6.7	12,345	809.0	Hewlett-Packard
1,180	13	172	—	1,352	228	0.51	2.2	696	61.6	Hibernia
778	14	—	—	778	452	5.57	93.6	1,138	75.0	Hillenbrand Inds
635	–14	81	—	716**	486	7.20	5.2	1,929	–0.7	Hills Dept Stores
967	1	4	—	971	364	24.47	556.8	954	110.1	Hilton Hotels
1,586	–5	41	—	1,627	175	5.12	181.0	2,759	112.0	Home Depot
598	NA	—	—	598††	545	0.03	0.2	1,896	115.7	HomeFed
618	5	15	352	985	354	0.14	2.3	453	53.3	Homestake Mining
419	–18	—	—	419	669	27.98	4.3	377	–19.7	Homestead Financial
1,366	138	669	79	2,114	108	0.10	3.4	6,059	604.1	Honeywell
1,044	16	9	—	1,053	333	0.13	1.5	2,410	70.8	Geo A Hormel
1,160	14	73	—	1,233	265	0.32	5.0	3,490	239.5	Household Intl
679	0	11	—	690**	497	0.03	1.2	3,790	413.5	Houston Industries
278	NA	—	98	376††	699	0.25	0.2	507	–66.1	Howard Savings Bank
640	26	3	—	643	522	0.24	2.9	669	79.4	Hubbell
1,038	5	168	1,320	2,526	76	2.57	102.0	4,444	286.8	Humana
845	9	724	—	1,569	183	0.65	5.3	1,160	108.0	Huntington Bcshs

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
ICH/John Franco	48	New York NY	Columbia, AB '63/NYU, LLB '67	financial	1	1
Idaho Power/Joseph W Marshall	51	Twin Falls ID	US Naval Acad, BS '61	technical	21	1
Illinois Power/Wendell J Kelley	64	Champaign IL	Illinois, BS '49	technical	41	24
Illinois Tool Works/John D Nichols	59	China	Harvard, BA '53/Harvard, MBA '55	operations	10	8
IMC Fertilizer Group/Billie B Turner	59	Whitesboro TX	Texas A&M, BS '52	sales	36	7
INB Financial/Thomas M Miller	60	Corydon IN	Indiana, BS '52	banking	36	9
Independence Bancorp/John D Harding	46	Bristol PA	Rider, BA '67	banking	2	1
Ingersoll-Rand/Theodore H Black	61	Jersey City NJ	US Naval Acad, BS '53	technical	33	2
Inland Steel Inds/Frank W Luerssen	62	Reading PA	Penn St, BS '50/Lehigh, MS '51	technical	38	7
Inspiration Resource/Reuben F Richards	60	New York NY	Harvard, AB '52	banking	7	7
Integra Financial/William F Roemer	56	Youngstown OH	Princeton, BA '55	banking	20	11
Intel/Andrew S Grove	53	Hungary	CUNY City Col, BS '60/Calif Berkeley, PhD '63	technical	22	3
Interco/Harvey Saligman	51	Philadelphia PA	Phil Col Textiles, BS '60	administration	14	7
Intergraph/James W Meadlock*	56	Taylorsville NC	N Carolina St, BS '56	technical	21	21
IBM/John F Akers	55	Boston MA	Yale, BS '56	marketing	30	5
Intl Flavors & Frags/Eugene P Grisanti	60	Buffalo NY	Boston U, LLB '53/Harvard, LLM '54	legal	30	5
Intl Minerals & Chem/George D Kennedy	63	Pittsburgh PA	Williams, BA '48	administration	19	7
Intl Multifoods/Anthony Luiso	46	Italy	Iona, BA '67/Chicago, MBA '82	financial	3	1
International Paper/John A Georges	59	El Paso TX	Illinois, BS '51/Drexel, MS '57	technical	11	6
Interpublic Group/Philip H Geier Jr	55	Pontiac MI	Colgate, BA '57/Columbia, MBA '58	administration	15	10
Ipalco Enterprises/John R Hodowal	45	Dayton OH	Purdue, BSIE '66/Indiana, JD '70	financial	22	1
Itel/Samuel Zell	48	Chicago IL	Michigan, BA '61/Michigan, JD '63	investment	22	22
ITT/Rand V Araskog	58	Fergus Falls MN	US Military Acad, BS '53	administration	24	11
James River Corp Va/Brenton S Halsey*	63	Newport News VA	Virginia, BS '52	technical	21	21
Jefferson-Pilot/W Roger Soles	69	Whiteville NC	N Carolina, BS '47	investment	43	23
Johnson & Johnson/Ralph S Larsen	51	Brooklyn NY	Hofstra, BBA '62	operations	28	1
Johnson Controls/James H Keyes	49	La Crosse WI	Marquette, BS '62/Northwestern, MBA '63	financial	24	2
Jostens/H William Lurton	60	Greenwich CT	Principia, BA '51	sales	35	18
JWP/Andrew T Dwyer	41	Morristown NJ	Yale, BA '71/New York Law Sch, JD '74	legal	14	5
K mart/Joseph E Antonini	48	Morgantown WV	West Virginia, BS '64	retailing	26	3
Kansas City P&L/A Drue Jennings	43	Topeka KS	Kansas, BS '68/Kansas, JD '72	legal	16	2
Kansas Power & Light/John E Hayes Jr	52	Kansas City MO	Rockhurst, BS '59	administration	1	1
Kaufman & Broad Home/Bruce E Karatz	44	Chicago IL	Boston U, BA '67/USC, JD '70	legal	18	4
Kellogg/William E LaMothe	63	Brooklyn NY	Fordham, BA '50	marketing	40	11
Kelly Services/Terence E Adderley	56	Detroit MI	Michigan, BBA '55/Michigan, MBA '56	financial	32	23
Kemper/Joseph E Luecke	63	Philadelphia PA	La Salle, BA '50	insurance	39	11
Kentucky Utilities/John T Newton	59	Shelbyville KY	Western Kentucky, BS '52	financial	32	3
Kerr-McGee/Frank A McPherson	57	Stillwater OK	Oklahoma St, BS '57	operations	33	7
KeyCorp/Victor J Riley Jr	58	Buffalo NY	Notre Dame, BA '53	financial	26	16
Kimberly-Clark/Darwin E Smith	64	Garrett IN	Harvard, LLB '55	legal	32	18
King World Prods/Michael King	42	Summit NJ	Fairleigh Dickinson, BA '71	marketing	17	6
Knight-Ridder/James K Batten	54	Suffolk VA	Davidson, BS '57/Princeton, MPA '62	journalism	33	2
Kroger/Lyle Everingham	64	Flint MI		retailing	43	12

*Company founder.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$500*	NA	—	—	$500	609	0.58%	$0.8	$2,239	$–75.2	ICH
147	NA	5	—	152††	770	0.03	0.2	496	84.7	Idaho Power
395	3%	17	—	412	675	0.02	0.3	1,313	–288.4	Illinois Power
753	5	10	—	763	456	0.51	13.5	2,173	163.8	Illinois Tool Works
861	49	15	$104	980	357	0.20	1.7	1,157	110.7	IMC Fertilizer Group
577	5	143	—	720	483	0.67	2.8	645	59.1	INB Financial
277	NA	26	—	304	738	0.03	§	272	15.0	Independence Bancorp
1,103	40	142	353	1,599	178	0.03	0.8	3,447	202.2	Ingersoll-Rand
734	–22	15	56	805	435	0.20	2.1	4,147	119.7	Inland Steel Inds
655	–8	46	—	700	494	0.02	§	1,373	25.2	Inspiration Resource
300	–8	100	—	400	687	0.10	0.6	716	35.6	Integra Financial
701	–2	22	—	723	481	0.15	10.7	3,127	391.0	Intel
742	4	—	415	1,157	290	0.32	§	1,759	–64.5	Interco
300	22	12	—	312	734	5.94	54.1	860	79.5	Intergraph
713	–53	708	465	1,886	130	‡	4.3	62,710	3,758.0	IBM
660	9	17	128	805	434	1.12	24.8	870	138.6	Intl Flavors & Frags
991	–55	314	—	1,304	241	0.34	4.5	1,166	81.8	Intl Minerals & Chem
374*	NA	3	—	377	697	0.04	0.1	2,026	28.3	Intl Multifoods
1,311	7	135	—	1,446	212	0.13	6.7	11,378	864.0	International Paper
1,705	NA	3,320	—	5,025	23	1.60	17.2	1,218	70.6	Interpublic Group
473	–25	23	—	496	612	0.02	0.2	595	95.5	Ipalco Enterprises
1,112	31	—	—	1,112	310	‡	§	2,121	29.9	Itel
2,350	5	1,582	—	3,932	36	0.25	15.7	20,054	922.0	ITT
977	6	20	—	997	350	0.83	16.4	6,071	245.0	James River Corp Va
972	9	—	—	972	363	0.15	2.1	1,140	137.7	Jefferson-Pilot
847	33	—	269	1,117	306	‡	1.4	9,757	1,082.0	Johnson & Johnson
749	5	—	740	1,489	200	0.10	1.1	3,894	95.0	Johnson Controls
882	NA	22	—	905	399	0.90	9.0	753	58.2	Jostens
1,274	NA	1	—	1,275	251	6.36*	45.1	1,742	38.8	JWP
899	–3	29	—	928	385	0.02	1.0	29,792	322.7	K mart
368	19	19	—	387	690	0.02	0.2	731	108.6	Kansas City P&L
NA	NA	—	—	—	—	‡	§	1,128	72.8	Kansas Power & Light
383	NA	2,634	—	3,017	55	0.82	2.9	1,265	81.4	Kaufman & Broad Home
1,070	–18	21	—	1,091	319	0.19	14.3	4,652	422.1	Kellogg
630	NA	—	—	630	527	5.49	59.8	1,377	70.8	Kelly Services
651	57	—	—	651	511	0.22	4.1	2,774	307.4	Kemper
287	23	—	—	287	749	0.04	0.3	532	82.3	Kentucky Utilities
777	35	14	91	882	408	0.07	1.6	3,087	156.0	Kerr-McGee
1,101	40	21	—	1,122	304	0.05	0.5	1,642	136.9	KeyCorp
1,308	9	6	—	1,314	239	0.21	11.4	5,734	423.8	Kimberly-Clark
1,665	NA	10	—	1,675	165	8.84	76.8	428	78.3	King World Prods
678	–9	—	416	1,094	318	0.02	0.5	2,268	247.2	Knight-Ridder
999	–1	—	1,081	2,080	112	0.42	4.2	18,832	–16.3	Kroger

[1] Sales and profits as reported in the Forbes 500s Annual Directory issue, Apr. 30, 1990. *Annualized salary. ‡Less than 0.01%. §Less than $100,000. ††New CEO; cash compensation is for another executive office. NA: Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Lafarge/Robert W Murdoch	48	Australia	U of Brit Columbia, BA '64/U of Toronto, LLB '67	administration	23	1
Landmark Land/Gerald G Barton	59	Okla City OK	Oklahoma, '53	operations	19	19
Liberty National/Joseph W Phelps	63	Richmond KY		banking	32	‡
Eli Lilly/Richard D Wood	63	Brazil IN	Purdue, BS '48/Pennsylvania, MBA '50	marketing	40	17
Limited/Leslie H Wexner*	52	Dayton OH	Ohio St, BS '59	retailing	27	27
LIN Broadcasting/Donald A Pels[1]	62	New Rochelle NY	Pennsylvania, BS '48/NYU, JD '53	administration	21	21
Lincoln National/Ian M Rolland	56	Fort Wayne IN	DePauw, BA '55/Michigan, MA '56	insurance	34	13
Litton Industries/Orion L Hoch	61	Canonsburg PA	Carnegie-Mellon, BS '52/Stanford, PhD '57	technical	33	3
Liz Claiborne/Jerome A Chazen*	63	New York NY	Wisconsin, BA '48/Columbia, MBA '50	financial	13	1
Lockheed/Daniel M Tellep	58	Forest City PA	Calif Berkeley, BSME '54/Berkeley, MSEE '55	technical	35	1
Loews/Laurence A Tisch[2]	67	Brooklyn NY	NYU, BS '42/Pennsylvania, MA '43	financial	31	30
Lone Star Tech/John P Harbin	72	Waxahachie TX	Texas, BA '39	financial	1	‡
Long Island Lighting/William J Catacosinos	60	New York NY	NYU, BS '51/NYU, PhD '62	technical	11	6
Longs Drug Stores/Robert M Long	52	Oakland CA	Claremont Mens C, BA '60	retailing	29	13
Loral/Bernard L Schwartz	64	New York NY	CUNY City Col, BBA '48	administration	18	18
Lotus Development/Jim P Manzi	38	New York NY	Colgate, BA '73/Tufts, MA '79	journalism	7	4
Louisiana Land/H Leighton Steward	55	Fairfield TX	So Methodist, BS '58/So Methodist, MS '60	banking	8	1
Louisiana-Pacific/Harry A Merlo	65	Stirling City CA	Calif Berkeley, BS '49	marketing	40	16
Louisville G&E/Roger W Hale	46	Baltimore MD	Maryland, BA '65/MIT, MS '79	marketing	1	1
Lowe's Cos/Leonard G Herring	62	Snow Hill NC	N Carolina, BS '48	financial	34	12
LTV/Raymond A Hay	61	Long Island NY	LIU, BS '49/St John's, MBA '60	administration	15	7
Lubrizol/Lester E Coleman	59	Akron OH	Akron, BS '52/Illinois, PhD '55	technical	35	12
Lyondell Petrochem/Bob G Gower	52	West Frankfort IL	Southern Illinois, BA '58/Minnesota, PhD '63	technical	27	2
Mack Trucks/Ralph E Reins	49	Detroit MI	Michigan, BSIE '63	marketing	1	1
Manufacturers Hanover/John F McGillicuddy	59	Harrison NY	Princeton, BA '52/Harvard, LLB '55	banking	31	11
Manufacturers Natl/Gerald V MacDonald	51	Detroit MI	Michigan, BA '60	banking	30	‡
Manville/W Thomas Stephens	47	Crossett AR	Arkansas, BS '65/Arkansas, MS '66	operations	27	4
Mapco/James E Barnes	56	Ponca City OK	Oklahoma St, BS '57	operations	7	6
Marion Merrell Dow/Joseph G Temple Jr	60	New York NY	Purdue, BSCHE '51	technical	39	‡
Marriott/J Willard Marriott Jr	58	Washington DC	Utah, BS '54	administration	34	18
Marsh & McLennan Cos/Frank J Tasco	62	New York NY	NYU, BA '49	insurance	36	4
Marshall & Ilsley/John A Puelicher	69	Milwaukee WI	Wis Milw, BA '43	banking	44	32
Martin Marietta/Norman R Augustine	54	Denver CO	Princeton, BS '57/Princeton, MS '59	technical	13	2
Masco/Richard A Manoogian	53	Long Branch NJ	Yale, BA '58	administration	32	22
Masco Industries/Richard A Manoogian	53	Long Branch NJ	Yale, BA '58	administration	32	5
Mattel/John W Amerman	58	Newark NJ	Dartmouth, BA '53/Dartmouth, MBA '54	marketing	10	3
Maxxam/Charles E Hurwitz	50	Kilgore TX	Oklahoma, BS '62	investment	12	10
May Dept Stores/David C Farrell	56	Chicago IL	Antioch, BA '56	retailing	34	11
Maytag/Daniel J Krumm	63	Sioux City IA	U of Iowa, BA '50	marketing	37	16
MBIA/William O Bailey	63	Syracuse NY	Dartmouth, AB '47/Pennsylvania, MBA '49	financial	3	3
MCA/Lew R Wasserman	77	Cleveland OH		sales	53	43
McCaw Cellular/Craig O McCaw*	50	Centralia WA	Stanford, BA '73	administration	24	10
McCormick & Co/Charles P McCormick Jr	61	Baltimore MD		sales	41	3

[1] Retired 3/5/90. [2] Office jointly held with Preston R Tisch. *Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$534	29%	$14	—	$548	573	‡	§	$1,497	$100.0	Lafarge
405	NA	—	—	405**	681	29.19%	$28.0	553	–0.3	Landmark Land
427	NA	17	—	443††	651	0.46	1.4	353	33.2	Liberty National
1,355	18	510	$951	2,817	60	0.08	13.7	4,176	939.5	Eli Lilly
1,655	61	115	—	1,769	142	28.76	2,056.9	4,648	346.9	Limited
1,363	32	—	21,428	22,791	2	‡	§	251	57.4	LIN Broadcasting
1,113	47	—	633	1,746	149	0.06	1.3	8,081	268.9	Lincoln National
1,110	11	50	81	1,241	262	0.21	3.6	5,073	179.4	Litton Industries
800	NA	16	—	816	428	4.41	100.4	1,411	164.6	Liz Claiborne
764	70	72	—	836	420	0.01	0.2	9,891	2.0	Lockheed
246	23	4	—	249	756	12.87	1,041.9	11,113	907.1	Loews
150†	—	—	—	150	771	0.02	§	608	–191.4	Lone Star Tech
395	13	306	—	701	492	0.01	0.2	2,348	–95.8	Long Island Lighting
412	5	10	236	659	506	10.10	75.9	2,111	61.3	Longs Drug Stores
1,742	20	36	—	1,778	140	3.22	23.2	1,156	78.2	Loral
991	NA	49	15,372	16,412	3	2.69	34.8	556	67.7	Lotus Development
664	29	—	211	875	411	0.09	1.0	713	46.9	Louisiana Land
575	–12	529	2,547	3,651	40	0.94	14.6	2,010	192.6	Louisiana-Pacific
300*	NA	59	—	359	710	‡	§	677	76.1	Louisville G&E
469	24	52	—	520**	594	1.35	17.7	2,651	74.9	Lowe's Cos
938	14	39	—	977	360	‡	§	6,362	264.9	LTV
622	–18	29	318	969	368	0.23	3.0	1,228	94.0	Lubrizol
814	NA	4	—	818	426	0.05	0.7	5,358	374.0	Lyondell Petrochem
465	NA	—	—	465	634	0.21	0.4	1,751	–185.7	Mack Trucks
1,680	2	16	—	1,696	159	0.21	4.8	8,300	–588.0	Manufacturers Hanover
558	NA	1	—	558††	569	0.22	1.5	[illegible],799	107.3	Manufacturers Natl
1,392	104	197	—	1,589	179	0.13	0.5	2,192	196.8	Manville
1,489	15	85	—	1,574	180	0.21	2.5	2,029	116.2	Mapco
NA[2]	NA	—	—	—	—	‡	0.5	1,078	46.3	Marion Merrell Dow
1,013	1	—	—	1,013	345	7.95	190.8	7,536	177.0	Marriott
1,425	13	12	74	1,511	191	0.15	7.3	2,428	294.9	Marsh & McLennan Cos
600	–28	26	—	626	539	1.11	7.3	783	85.4	Marshall & Ilsley
1,033	23	—	235	1,269	254	0.05	1.1	5,796	306.9	Martin Marietta
1,056	–2	—	3,391	4,447	33	1.42	52.5	3,151	220.9	Masco
280	–7	—	—	280	752	8.72	38.2	1,687	46.6	Masco Industries
1,102	95	234	401	1,737	150	0.10	1.0	1,237	79.6	Mattel
3,977	NA	83	497	4,557	30	30.91	111.2	2,423	116.8	Maxxam
1,531	15	25	509	2,064	115	0.25	16.3	9,602	498.0	May Dept Stores
1,239	38	—	—	1,239	263	0.16	2.8	3,089	131.5	Maytag
720	11	427	—	1,147	296	0.04	0.5	172	102.3	MBIA
559	–4	24	—	583	557	6.98	293.6	3,382	191.8	MCA
289	–5	—	53,655	53,944	1	9.77	403.9	504	–288.5	McCaw Cellular
874	NA	19	245	1,138	299	0.50	8.6	1,246	135.5	McCormick & Co

[1] Sales and profits as reported in the Forbes 500s Annual Directory issue, Apr. 30, 1990. [2] Received $5,000,000 upon retirement from Dow Chemical. *Annualized salary. †Paid to date. ‡Less than 0.01%. §Less than $100,000. **Prior-year data. ††New CEO; cash compensation is for another executive office. NA: Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
McDonald's/Michael R Quinlan	45	Chicago IL	Loyola, BS '67/Loyola, MBA '70	administration	24	3
McDonnell Douglas/John F McDonnell	52	Baltimore MD	Princeton, BS '60/Princeton, MS '62	technical	28	2
McGraw-Hill/Joseph L Dionne	56	Montgomery AL	Hofstra, BA '55/Columbia, EdD '65	operations	24	7
MCI Communications/Wm G McGowan*	62	Ashley PA	King's, BS '50/Harvard, MBA '52	operations	22	22
McKesson/Alan Seelenfreund	53	New York NY	Cornell, BME '59/Stanford, PhD '67	technical	15	1
Mead/Burnell R Roberts	63	Lafayette WI	U Wis Milwaukee, BBA '50/Harvard, MBA '57	financial	24	8
Medtronic/Winston R Wallin	64	Minneapolis MN	Minnesota, BBA '48	operations	5	5
Mellon Bank/Frank V Cahouet	58	Boston MA	Harvard, BA '54/Pennsylvania, MBA '59	banking	3	3
Melville/Stanley P Goldstein	56	Woonsocket RI	Pennsylvania, BS '55	retailing	27	3
Mercantile Bancorp/Thomas H Jacobsen	50	Chicago IL	Lake Forest, BS '63/Chicago, MBA '68	banking	1	1
Mercantile Bkshs/H Furlong Baldwin	58	Baltimore MD	Princeton, AB '54	banking	34	14
Mercantile Stores/David R Huhn	52	Cincinnati OH	Xavier, BS '59	retailing	31	1
Merchants National/Otto N Frenzel III	59	Indianapolis IN	Pennsylvania, BS '54	banking	36	17
Merck/P Roy Vagelos	60	Westfield NJ	Pennsylvania, AB '50/Columbia, MD '54	technical	15	5
Meridian Bancorp/Samuel A McCullough	51	Pittsburgh PA	Pittsburgh, BBA '60	banking	15	12
Meritor Savings Bank/Roger S Hillas	63	Wincote PA	Dartmouth, AB '49/Pennsylvania, MBA '51	banking	2	2
Merrill Lynch/William A Schreyer	62	Williamsport PA	Penn St, BA '48	investment	42	6
Metro Mobile CTS/George L Lindemann	54	New York NY	Pennsylvania, BS '58	administration	8	7
Fred Meyer/Frederick M Stevens	53	Jonesboro AR	Louisiana St, BS '59	retailing	2	2
Michigan National/Robert J Mylod	50	Brooklyn NY	St John's, BA '61	banking	5	5
Micron Technology/Joseph L Parkinson*	44	San Antonio TX	Columbia, BA '67/Tulane, JD '71	legal	10	4
Microsoft/William H Gates III*	33	Seattle WA		technical	15	9
Midlantic/Robert Van Buren	65	Plainfield NJ	Washington & Lee, BA '50/NYU, MBA '56	banking	19	13
Minn Mining & Mfg/Allen F Jacobson	63	Omaha NE	Iowa St, BS '47	operations	43	4
Minnesota Power & Lt/Arend J Sandbulte	56	Sioux Center IA	Iowa St, BSEE '59/Minnesota, MBA '66	financial	26	2
MNC Financial/Alan P Hoblitzell Jr	58	St Louis MO	Princeton, BS '53	banking	34	7
Mobil/Allen E Murray	61	New York NY	NYU, BS '56	financial	37	4
Molex/Frederick A Krehbiel	48	Hinsdale IL	Lake Forest, BA '63	operations	25	2
Monarch Capital/Gordon N Oakes Jr	49	North Adams MA	Massachusetts, BS '63	banking	7	7
Monsanto/Richard J Mahoney	56	Springfield MA	Massachusetts, BS '55	marketing	28	7
Montana Power/Warren P Schmechel	62	Carrington ND	Montana St, BSEE '53	operations	37	7
JP Morgan & Co/Dennis Weatherstone	59	England		banking	44	‡
Morgan Stanley/S Parker Gilbert	56	New York NY	Yale, BA '56	investment	30	6
Morrison Knudsen/William M Agee	52	Boise ID	Idaho, BS '60/Harvard, MBA '63	financial	2	2
Morton International/Charles S Locke	61	Laurel MS	Mississippi, BBA '52/Mississippi, MS '55	financial	15	10
Motorola/George M C Fisher	49	Anna IL	Illinois, BS '62/Brown, PhD '66	technical	14	2
Multibank Financial/David B Lynch	63	New York NY	Yale, BA '50/NYU, LLB '55	financial	15	15
Murphy Oil/Jack W McNutt	55	Norphlet AR	Harding, BS '56/Columbia, MS '57	financial	33	2
Nalco Chemical/Worley H Clark Jr	57	Big Stone Gap VA	N Carolina St, BS '56	sales	30	7
Nash Finch/Harold B Finch Jr	62	Grand Forks ND	Minnesota, BS '52	technical	24	8
National City/Edward B Brandon	58	Davenport IA	Northwestern, BS '53/Pennsylvania, MBA '56	banking	34	3
Natl Community Bks/Robert M Kossick	49	New Brunswk NJ	Georgia Tech, BS '63/St Mary's, MA '76	banking	11	11
National Intergroup/Howard M Love	60	Pittsburgh PA	Colgate, BA '52/Harvard, MBA '56	operations	34	9

*Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$1,005	12%	$88	$108	$1,201	275	0.06%	$7.1	$6,066	$726.7	McDonald's
634	–7	22	534	1,191	282	3.37	65.8	14,589	40.0	McDonnell Douglas
971	–6	464	60	1,496	198	0.21	5.3	1,789	39.8	McGraw-Hill
1,325	–2	—	7,341	8,666	12	1.65	142.8	6,471	603.0	MCI Communications
505	NA	25	194	725††	480	0.09	1.2	7,578	105.8	McKesson
918	–22	5	—	922	389	0.07	1.3	4,612	215.8	Mead
671	18	448	6	1,125	303	0.16	2.7	798	103.1	Medtronic
1,062	9	60	134	1,256	258	0.18	1.6	3,596	181.0	Mellon Bank
1,189	11	2	—	1,191	281	0.19	8.6	7,554	398.1	Melville
468	NA	182	—	650	515	0.16	0.6	745	0.5	Mercantile Bancorp
852	23	20	—	872	412	0.34	2.1	433	62.0	Mercantile Bkshs
NA	NA	—	—	—	—	0.04	0.5	2,313	130.3	Mercantile Stores
568	12	192	—	761	459	8.97	31.3	539	41.4	Merchants National
2,340	46	5	4,423	6,769	14	0.06	17.1	6,551	1,495.4	Merck
591	–4	30	—	621	532	0.15	1.0	1,173	91.5	Meridian Bancorp
595	28	—	—	595	547	0.04	§	1,322	–61.5	Meritor Savings Bank
1,550	–38	—	—	1,550	185	0.27	6.7	11,335	–213.4	Merrill Lynch
503	30	—	—	503	608	38.93	506.7	144	–50.6	Metro Mobile CTS
596*	NA	5	—	601	543	0.10	0.3	2,285	–6.8	Fred Meyer
825	29	—	—	825	424	0.07	0.4	1,266	178.9	Michigan National
1,021	NA	15	—	1,036	338	0.07	0.3	403	74.0	Micron Technology
191	9	16	—	207	766	37.37	2,380.9	953	210.5	Microsoft
1,080	–1	—	—	1,080	323	0.18	1.1	2,320	206.3	Midlantic
1,179	9	214	907	2,299	86	0.02	3.2	11,990	1,244.0	Minn Mining & Mfg
322	NA	134	—	455	644	0.05	0.3	464	88.9	Minnesota Power & Lt
950	23	453	—	1,403	215	0.06	0.8	3,019	245.1	MNC Financial
1,675	4	46	1,207	2,929	57	0.03	7.1	50,220	1,809.0	Mobil
332	–17	193	—	525	592	8.96	89.1	579	62.5	Molex
360	0	22	—	382	691	0.14	0.1	465	–24.4	Monarch Capital
1,317	–11	195	395	1,907	127	0.08	5.1	8,681	679.0	Monsanto
273	9	9	8	289	747	0.05	0.4	760	74.4	Montana Power
1,380	NA	70	—	1,450††	210	0.05	3.3	10,394	–1,275.0	JP Morgan & Co
5,475	24	20	—	5,495	19	3.14	73.4	5,831	443.0	Morgan Stanley
857	90	—	—	857	415	1.02	6.0	2,170	32.2	Morrison Knudsen
659	NA	1,013	—	1,672[2]	166	0.18	3.1	1,499	92.4	Morton International
777	18	10	—	787	446	‡	0.3	9,620	498.0	Motorola
379	1	5	247	632	525	0.70	0.8	439	21.7	Multibank Financial
467	22	19	76	562	568	0.14	1.9	1,653	46.6	Murphy Oil
881	–1	327	—	1,208	271	0.16	2.7	1,071	119.9	Nalco Chemical
327	6	51	—	377	698	1.43	3.0	2,224	13.2	Nash Finch
865	30	40	104	1,008	346	0.04	0.8	2,547	263.3	National City
930	17	—	1,612	2,542	75	1.59	3.8	386	45.0	Natl Community Bks
615	14	124	—	739	470	0.14	0.5	3,008	26.3	National Intergroup

[1] Sales and profits as reported in the Forbes 500s Annual Directory issue, Apr. 30, 1990. [2] Salary paid by Thiokol Corp. *Annualized salary. ‡Less than 0.01%. §Less than $100,000. ††New CEO; cash compensation is for another executive office. NA: Not available.

Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
National Medical/Richard K Eamer*	62	Long Beach CA	USC, BS '55/USC, LLB '59	legal	21	21
Natl Semiconductor/Charles E Sporck	62	Saranac Lake NY	Cornell, BS '52	operations	23	23
National Service/Sidney Kirschner	55	Canada	NM Sch Mines, BA '56	technical	17	3
Navistar Intl/James C Cotting	56	Winchester MA	Ohio St, BA '55	financial	11	3
NBD Bancorp/Charles T Fisher III	60	Detroit MI	Georgetown, AB '51/Harvard, MBA '53	banking	32	8
NCNB/Hugh L McColl Jr	54	Bennettsville SC	North Carolina, BS '57	banking	31	7
NCR/Charles E Exley Jr	60	Detroit MI	Wesleyan, BA '52/Columbia, MBA '54	financial	14	7
New England Electric/John W Rowe	45	Dodgeville WI	Wisconsin, BS '67/Wisconsin, JD '70	legal	1	1
NY State E&G/James A Carrigg	57	Johnson City NY	Broome Comm, AAS '58	operations	32	2
New York Times/Arthur Ochs Sulzberger	64	New York NY	Columbia, BA '51	journalism	36	27
Newell Co/Daniel C Ferguson	63	Freeport IL	Hamilton, BA '[illegible]8/Stanford, MBA '50	administration	40	24
Newmont Mining/Gordon R Parker	54	Rep of S Africa	Montana C, BS '58/U of Cape Town, MBA '66	operations	31	5
News Corp Ltd/K Rupert Murdoch	59	Australia	Oxford, MA '53	journalism	35	13
Niagara Mohawk Power/William J Donlon	60	Albany NY	Siena, BS '62	marketing	42	2
Nicor/Richard G Cline	55	Chicago IL	Illinois, BS '57	marketing	5	4
NIKE/Philip H Knight*	52	Portland OR	Oregon, BA '59/Stanford, MBA '62	financial	26	26
Nipsco Industries/Edmund A Schroer	62	Hammond IN	Valparaiso, BA '49/Northwestern, JD '52	legal	13	13
Nordstrom/Bruce A Nordstrom[1]	57	Seattle WA	Washington, BA '56	retailing	35	19
Norfolk Southern/Arnold B McKinnon	62	Goldsboro NC	Duke, AB '50/Duke, LLB '51	legal	39	3
Northeast Bancorp/Frank J Kugler Jr	56	Bridgeport CT	Widener, BA '57	banking	31	3
Northeast Savings FA/George P Rutland	57	Tifton GA	Pace, BBA '61	banking	2	2
Northeast Utilities/William B Ellis	49	Vicksburg MS	Carnegie-Mellon, BS '62/Maryland, PhD '66	technical	14	7
No States Power/James J Howard	54	Pittsburgh PA	Pittsburgh, BBA '57/MIT, MS '70	technical	3	3
Northern Trust/David W Fox	58	Aurora IL	Notre Dame, BS '53/Chicago, MBA '58	banking	35	‡
Northrop/Kent Kresa	52	New York NY	MIT, BS '59/MIT, MS '61	technical	15	‡
Norton/John M Nelson	58	New York NY	Wesleyan, AB '53/Harvard, MBA '59	administration	31	2
Norwest/Lloyd P Johnson	60	Minneapolis MN	Carleton, BA '52/Stanford, MBA '54	banking	5	5
Novell/Raymond J Noorda*	65	Ogden UT	Utah, BS '49	technical	6	6
Nucor/F Kenneth Iverson	64	Downers Grove IL	Cornell, BS '46/Purdue, MS '47	technical	28	25
NWNL/John E Pearson	63	Minneapolis MN	Minnesota, BA '48	sales	37	13
Nynex/William C Ferguson	59	Detroit MI	Albion, AB '52	operations	38	1
Occidental Petroleum/Armand Hammer	92	New York NY	Columbia, BS '19/Columbia, MD '21	financial	33	33
Ogden/Ralph E Ablon	74	Tupelo MS	Ohio St, BA '38	administration	35	28
Ohio Casualty/Joseph L Marcum	66	Hamilton OH	Antioch, BA '47/Miami of OH, MBA '65	insurance	43	2
Ohio Edison/Justin T Rogers Jr	60	Sandusky OH	Princeton, AB '51/Michigan, JD '54	legal	32	10
Oklahoma G&E/James G Harlow Jr	55	Okla City OK	Oklahoma, BS '57	financial	29	14
Old Kent Financial/John C Canepa	59	Newburyport MA	Harvard, BA '53/NYU, MBA '60	banking	20	8
Old Republic Intl/William R Stover	67	Washington DC		insurance	45	14
Ol[illegible]ne/Theodore W Barnes	59	Providence RI		banking	42	14
Olin/John W Johnstone Jr	57	Brooklyn NY	Hartwick, BA '54	marketing	11	3
Oracle Systems/Lawrence J Ellison*	45	New York NY	Chicago, BS '66/Illinois, MS '68	technical	13	13
Oryx Energy/Robert P Hauptfuhrer	58	Philadelphia PA	Princeton, BA '53/Harvard, MBA '57	financial	33	2
Outboard Marine/James C Chapman	59	Detroit MI	U of Detroit, BME '56/U of Detroit, MBA '65	operations	1[illegible]	‡

[1] Office jointly held with James F and John N Nordstrom. *Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$1,674	5%	$397	—	$2,071	114	2.20%	$54.1	$3,963	$164.0	National Medical
525	–25	—	—	525	591	0.74	5.3	1,638	47.4	Natl Semiconductor
729	27	5	—	734	474	0.11	1.4	1,587	96.8	National Service
450	–37	43	—	493	616	0.03	0.3	4,116	31.4	Navistar Intl
1,210	11	—	—	1,210	270	0.23	5.0	2,542	258.8	NBD Bancorp
1,500	25	714	$534	2,749	65	0.16	5.8	6,152	447.1	NCNB
1,166	9	24	—	1,190	283	0.15	6.6	5,956	412.0	NCR
360	NA	168	—	528	586	‡	§	1,643	138.7	New England Electric
302	24	2	—	304	739	0.01	0.1	1,428	157.8	NY State E&G
592	–11	282	25	899	400	0.62	10.2	1,769	266.6	New York Times
1,171	NA	—	1,075	2,246	92	5.65	88.6	1,123	85.4	Newell Co
892	7	—	—	892	404	0.05	1.4	582	125.9	Newmont Mining
1,200[2]	23	—	—	1,200	277	44.98	920.8	6,430	805.9	News Corp Ltd
319	3	34	—	353	713	0.01	0.2	2,906	150.8	Niagara Mohawk Power
849	3	21	283	1,153	294	0.23	2.4	1,622	119.9	Nicor
256	2	19	—	274	754	36.65	943.6	2,040	212.2	NIKE
350	8	11	—	361	707	0.05	0.6	1,560	137.3	Nipsco Industries
300	–34	61	—	361	706	6.80	163.0	2,671	114.9	Nordstrom
1,229	11	50	1,039	2,318	83	0.02	1.2	4,536	606.2	Norfolk Southern
295	–21	—	—	295	746	0.38	0.8	378	0.6	Northeast Bancorp
461	–16	52	—	513	602	‡	§	689	0.4	Northeast Savings FA
518	9	—	—	518	598	0.02	0.3	2,206	203.2	Northeast Utilities
583	11	10	—	593	549	0.01	0.3	1,990	222.0	No States Power
575	NA	19	—	594††	548	0.45	4.8	1,230	113.2	Northern Trust
413	NA	319	—	732††	475	0.45	3.4	5,248	–80.5	Northrop
722	0	22	143	887	405	0.15	2.7	1,531	85.8	Norton
1,291	4	99	2,033	3,423	46	0.22	3.8	2,930	237.0	Norwest
30	NA	—	—	30	775	12.56	152.2	429	52.6	Novell
282	–63	46	—	328	727	1.10	14.5	1,269	57.8	Nucor
613	18	—	13	626	530	0.09	0.4	1,393	53.5	NWNL
744	NA	94	133	971††	365	‡	1.2	13,211	807.6	Nynex
2,334	–5	290	53	2,677	70	0.42	33.7	20,068	256.0	Occidental Petroleum
2,000	–3	284	5,015	7,299	13	0.95	9.8	1,369	67.0	Ogden
443	26	6	40	489	620	2.84	24.7	1,577	101.5	Ohio Casualty
391	4	41	—	432	657	‡	0.2	2,155	361.0	Ohio Edison
425	6	19	—	444	650	0.06	0.9	1,141	129.4	Oklahoma G&E
619	11	—	—	619	534	0.49	3.1	863	85.4	Old Kent Financial
342	15	7	—	349	715	0.45	2.3	1,175	99.0	Old Republic Intl
299	–29	43	—	341	718	1.52	1.2	510	–20.7	Old Stone
894	18	16	203	1,113	309	0.20	1.9	2,509	124.0	Olin
1,734	27	—	—	1,734	152	27.12	549.4	769	97.7	Oracle Systems
940	NA	673	136	1,750	148	0.02	1.0	1,140	54.0	Oryx Energy
630	NA	—	—	630††	526	0.09	0.4	1,389	54.0	Outboard Marine

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	as CEO
Owens-Corning/William W Boeschenstein	64	Chicago IL	Yale, BS '50	marketing	40	17
Paccar/Charles M Pigott	61	Seattle WA	Stanford, BS '51	administration	34	22
Pacific Enterprises/James R Ukropina	52	Fresno CA	Stanford, AB '59/USC, LLB '65	legal	6	1
Pacific G&E/Richard A Clarke	60	San Francisco CA	Calif Berkeley, AB '52/Calif Berkeley, JD '55	legal	35	4
Pacific Telesis/Sam L Ginn	53	St Clair AL	Auburn, BS '59	technical	30	2
PacifiCorp/Al M Gleason	60	Sheridan Cty KS		administration	41	1
PaineWebber Group/Donald B Marron	55	Goshen NY		investment	31	10
Pall/Maurice G Hardy	60	England	Merchant Ventures, BSME '49	administration	28	1
Pan Am/Thomas G Plaskett	46	Kansas City MO	GMI Inst, BS '66/Harvard, MBA '68	financial	2	2
Panhandle Eastern/Philip J Burguieres	46	Franklin LA	U SW Louisiana, BSME '65/Penn, MBA '70	administration	‡	‡
Paramount Commun/Martin S Davis	63	New York NY		administration	32	7
Parker Hannifin/Paul G Schloemer	61	Cincinnati OH	Cincinnati, BSME '51/Ohio St, MBA '55	operations	33	6
Penn Central/Carl H Lindner	71	Dayton OH		financial	7	3
Penn Traffic/Claude Incaudo	56	Detroit MI		retailing	13	‡
JC Penney/William R Howell	54	Claremore OK	Oklahoma, BBA '58	retailing	32	7
Pennsylvania P&L/Robert K Campbell	59	Chicago IL	Illinois Tech, BS '52/Loyola, JD '62	technical	13	11
Pennzoil/James L Pate	54	Mt Sterling IL	Monmouth, AB '63/Indiana, JD '68	financial	14	‡
People's Bank/David E A Carson	55	England	Michigan, BBA '55	insurance	7	5
Peoples Energy/Eugene A Tracy	62	Oak Park IL	Northwestern, BS '51/DePaul, MBA '58	financial	39	8
PepsiCo/D Wayne Calloway	54	Elkin NC	Wake Forest, BBA '59	financial	23	4
Perkin-Elmer/Horace G McDonell	61	New York NY	Adelphi, AB '52	technical	38	6
Perpetual Financial/Thomas J Owen	55	Washington DC	Williams, BA '57	investment	15	13
Petrie Stores/Milton J Petrie*	87	Salt Lake City UT		retailing	63	63
Pfizer/Edmund T Pratt Jr	63	Savannah GA	Duke, BS '47/Pennsylvania, MBA '49	financial	25	17
Phelps Dodge/Douglas C Yearley	54	Oak Park IL	Cornell, BS '56	marketing	30	1
PHH/Robert D Kunisch	48	Norwalk CT	NYU, BBA '63	marketing	24	2
Philadelphia Elec/Joseph F Paquette Jr	55	Norwood MA	Yale, BS '56	administration	34	2
Philip Morris Cos/Hamish Maxwell	63	England	Cambridge, BA '49	marketing	36	6
Phillips Petroleum/C J Silas	58	Miami FL	Georgia Tech, BS '53	operations	37	5
PHM/James Grosfeld	52	New York NY	Amherst, BA '59/Columbia, LLB '62	investment	18	16
Pinnacle West/Richard Snell	59	Phoenix AZ	Stanford, BA '52/Stanford, JD '54	legal	‡	‡
Pioneer Hi-Bred Intl/Thomas N Urban	56	Des Moines IA	Harvard, BA '56/Harvard, MBA '60	administration	30	9
Pitney Bowes/George B Harvey	59	New Haven CT	Pennsylvania, BS '54	financial	33	7
Pittston/Paul W Douglas	63	Springfield MA	Princeton, BA '48	sales	6	6
PNC Financial/Thomas H O'Brien	53	Pittsburgh PA	Notre Dame, BS '58/Harvard, MBA '62	banking	28	5
Polaroid/I MacAllister Booth	58	Atlanta GA	Cornell, BME '55/Cornell, MBA '58	operations	32	4
Potlatch/Richard B Madden	61	Short Hills NJ	Princeton, BS '51/Michigan, JD '56	financial	19	19
Potomac Electric/Edward F Mitchell	57	Harrisonburg VA	Virginia, BSEE '56/George Washington, MS '60	technical	34	1
PPG Industries/Vincent A Sarni	61	Bayonne NJ	Rhode Island, BS '49	marketing	21	6
Premark Intl/Warren L Batts	57	Norfolk VA	Georgia Tech, BEE '61/Harvard, MBA '63	administration	10	4
Premier Bancorp/G Lee Griffin	51	Leavenworth KS	Texas, BS '60/Louisiana St, MS '62	banking	28	2
Premier Industrial/Morton L Mandel*	68	Cleveland OH		administration	50	50
Price Co/Robert E Price*	47	San Diego CA	Pomona, BA '64	administration	14	14

*Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$858	–29%	$89	—	$947	376	0.70%	$5.8	$3,000	$172.0	Owens-Corning
964	10	17	—	982	356	6.47	89.7	3,331	241.9	Paccar
897	NA	364	—	1,261	257	0.07	2.1	6,762	211.0	Pacific Enterprises
695	27	22	—	717	485	‡	0.4	8,588	900.6	Pacific G&E
920	19	1,037	—	1,957	124	‡	0.6	9,593	1,242.0	Pacific Telesis
760	51	—	—	760	460	0.01	0.7	3,717	465.6	PacifiCorp
2,050	64	—	—	2,050	116	1.29	5.5	2,926	52.0	PaineWebber Group
449	NA	975	$691	2,115††	106	0.16	1.9	523	58.3	Pall
500	1	18	—	518	599	0.04	0.2	3,561	–336.6	Pan Am
NA	NA	—	—	—	—	0.02	0.4	2,781	58.4	Panhandle Eastern
4,095	11	865	—	4,960	24	1.21	68.1	3,463	1,417.4	Paramount Commun
889	16	7	—	895	403	0.11	1.5	2,479	106.4	Parker Hannifin
668	9	—	—	668	502	34.08	495.1	1,725	174.1	Penn Central
NA	NA	—	—	—	—	‡	§	2,700	–21.2	Penn Traffic
1,089	37	322	51	1,463	207	0.04	3.0	16,103	802.0	JC Penney
379	6	2	—	381	694	0.02	0.6	2,356	353.4	Pennsylvania P&L
269	NA	10	—	279††	753	0.01	0.4	2,330	103.5	Pennzoil
382	44	108	—	490	619	0.12	0.3	708	32.5	People's Bank
350	11	—	155	505	606	0.09	0.6	1,251	84.9	Peoples Energy
1,505	10	5	—	1,510	193	0.04	6.7	15,242	901.4	PepsiCo
450	–40	13	31	494	615	0.14	1.3	596	–37.1	Perkin-Elmer
424	–21	4	—	428	661	2.76	1.7	642	4.5	Perpetual Financial
150	NA	—	—	150**	771	60.61	634.2	1,258	32.3	Petrie Stores
1,435	5	—	480	1,915	125	0.09	8.1	5,672	681.1	Pfizer
836	NA	279	707	1,822	136	0.09	1.8	2,700	267.0	Phelps Dodge
703	14	8	197	907	396	0.15	0.9	1,868	52.2	PHH
622	39	—	—	622	531	‡	§	3,406	590.4	Philadelphia Elec
1,877	13	1,771	2,805	6,453	17	0.07	27.0	39,011	2,946.0	Philip Morris Cos
1,240	63	14	—	1,254	259	0.11	6.4	12,384	219.0	Phillips Petroleum
735	–28	—	—	735	473	18.87	43.5	1,130	55.8	PHM
NA	NA	—	—	—	—	0.04	0.4	1,508	–551.4	Pinnacle West
459	20	—	—	459	640	0.34	4.4	870	77.0	Pioneer Hi-Bred Intl
863	0	354	1,339	2,556	73	0.16	5.8	2,876	186.7	Pitney Bowes
675	8	13	—	688	498	0.03	0.2	1,631	3.8	Pittston
1,090	18	63	60	1,213	269	0.09	2.9	4,645	377.4	PNC Financial
592	40	45	—	636	523	0.01	0.3	1,905	145.0	Polaroid
861	9	16	116	993	351	0.16	1.7	1,228	136.7	Potlatch
487	NA	13	—	500	611	0.03	0.7	1,395	214.6	Potomac Electric
1,095	–3	763	52	1,910	126	0.06	3.1	5,734	465.2	PPG Industries
695	–42	14	—	709	488	0.50	3.7	2,592	78.4	Premark Intl
273	–2	10	—	283	751	0.27	0.2	418	–105.6	Premier Bancorp
408	9	—	—	408	679	18.86	280.8	616	72.5	Premier Industrial
249	8	—	—	249	757	2.78	49.2	5,150	122.5	Price Co

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years)	
					with firm	as CEO
Primerica/Sanford I Weill	57	New York NY	Cornell, BA '55	financial	4	4
Procter & Gamble/Edwin L Artzt	60	New York NY	Oregon, BS '51	marketing	36	‡
Progressive/Peter B Lewis	56	Cleveland OH	Princeton, AB '55	insurance	35	25
Provident Life & Acc/Winston W Walker	46	Traverse City MI	Tulane, BS '65/Georgia, PhD '69	insurance	16	2
PSI Holdings/James E Rogers Jr	42	Birmingham AL	Kentucky, BBA '70/Kentucky, JD '74	legal	2	2
Public Service Colo/Delwin D Hock	55	Colo Spngs CO	Colorado, BS '56	financial	28	2
Public Service NH/John C Duffett	62	Concord NH	U of New Hampshire, BS '51	operations	36	2
Public Service NM/Jerry D Geist	56	Raton NM	Colorado, BS '56	technical	30	14
Pub Svc Enterprise/E James Ferland	48	Boston MA	Maine, BS '64/New Haven, MBA '76	technical	4	4
Puget Sound Bancorp/William W Philip	63	Tacoma WA		banking	39	18
Puget Sound P&L/John W Ellis	61	Seattle WA	Washington, BS '50/Washington, JD '53	legal	20	14
Quaker Oats/William D Smithburg	51	Chicago IL	DePaul, BS '60/Northwestern, MBA '61	marketing	24	9
Quantum Chemical/John Hoyt Stookey	60	New York NY	Amherst, BA '52/Columbia, MS '54	technical	20	4
Ralston Purina/William P Stiritz	55	Jasper AR	Northwestern, BS '59/St Louis, MA '68	marketing	26	9
Raychem/Robert J Saldich	56	New York NY	Rice, BS '56/Harvard, MBA '61	technical	26	‡
Raytheon/Thomas L Phillips	66	Turkey	Virginia Polytech, BS '47/Virginia Poly, MS '48	technical	42	22
Readers Digest Assn/George V Grune	60	White Plains NY	Duke, AB '52	marketing	30	6
Reebok International/Paul B Fireman	46	Cambridge MA	Boston U	sales	11	11
Reliance Group/Saul P Steinberg*	50	New York NY	Pennsylvania, BS '61	investment	29	29
Republic New York/Walter H Weiner	59	Brooklyn NY	Michigan, BA '52/Michigan, JD '53	legal	10	10
Reynolds Metals/William O Bourke	63	Chicago IL	DePaul, BSC '51	operations	9	4
Riggs National/Joe L Allbritton	65	D'Lo MS	Baylor, LLB '49	financial	9	9
Rite Aid/Alex Grass*	62	Scranton PA	Florida, LLB '49	legal	37	28
Roadway Services/Joseph M Clapp	53	Greensboro NC	N Carolina, BS '58	sales	23	3
Rochester Community/Leonard S Simon	53	Passaic NJ	MIT, BS '58/Columbia, PhD '63	marketing	21	6
Rochester G&E/Harry G Saddock	61	Rochester NY	Renss Polytech, BSEE '50	operations	40	1
Rockwell Intl/Donald R Beall	51	Beaumont CA	San Jose State U, BS '60/Pittsburgh, MBA '61	administration	22	2
Rohm & Haas/J Lawrence Wilson	54	Rosedale MS	Vanderbilt, BE '58/Harvard, MBA '63	financial	25	2
Rorer Group/Robert E Cawthorn	54	England	Cambridge, BS '59	administration	8	5
Rose's Stores/Lucius H Harvin III	51	Boston MA	N Carolina, BA '60/Duke, JD '63	retailing	26	10
Rouse/Mathias J DeVito	59	Trenton NJ	Maryland, BA '54/Maryland, LLB '56	legal	22	11
Rubbermaid/Stanley C Gault	64	Wooster OH	Wooster, BA '48	marketing	10	10
Russell/Dwight L Carlisle Jr	54	Alexander City AL	Auburn, BS '58	operations	34	2
Ryder System/M Anthony Burns	47	Las Vegas NV	Brigham Young, BS '64/Cal Berkeley, MBA '65	financial	16	7
Rykoff-Sexton/Roger W Coleman	61	Newark NJ	UCLA, BS '51	operations	39	23
Ryland Group/Charles E Peck	64	Newark NJ	Pennsylvania, BS '49	operations	9	8
Safeco/Bruce Maines	63	Tacoma WA	Washington, BS '48/Washington, JD '49	legal	40	4
Safety-Kleen/Donald W Brinckman*	59	Chicago IL	Northwestern, BS '54/Northwestern, MBA '59	marketing	22	22
St Joe Paper/Jacob C Belin	75	DePuniak Spngs FL		operations	52	8
St Jude Medical/Lawrence A Lehmkuhl	52	Preston IA	U of Iowa, BA '62	financial	5	5
St Paul Bancorp/Joseph C Scully*	49	Detroit MI	Loyola, BS '62/Loyola, MBA '72	banking	27	8
St Paul Cos/Douglas W Leatherdale	53	Canada	U of Manitoba, BA '57	investment	18	‡
Salomon/John H Gutfreund	60	New York NY	Oberlin, BA '51	investment	37	6

*Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$1,536	19%	$141	—	$1,678	164	0.35%	$11.0	$5,695	$289.0	Primerica
976	NA	—	$155	1,131††	302	0.03	6.4	22,605	1,395.0	Procter & Gamble
1,894	46	507	—	2,401	81	18.14	160.7	1,393	78.0	Progressive
445	68	15	—	460	639	‡	§	2,639	148.0	Provident Life & Acc
361	NA	68	—	429	658	‡	§	1,059	125.2	PSI Holdings
303	24	—	—	303	740	0.02	0.2	1,741	148.8	Public Service Colo
169	9	—	—	169**	769	‡	§	619	–10.5	Public Service NH
208	NA	3	—	212	764	0.07	0.3	915	82.6	Public Service NM
501	8	5	—	506	605	‡	0.3	4,805	542.1	Pub Svc Enterprise
425	8	16	36	477	627	1.00	3.3	458	27.9	Puget Sound Bancorp
371	–2	—	—	371	702	0.03	0.3	888	117.7	Puget Sound P&L
1,282	8	766	—	2,048	118	0.24	9.1	5,729	197.7	Quaker Oats
1,293	–8	36	3,537	4,867	26	0.29	1.6	2,671	247.4	Quantum Chemical
1,064	3	53	3,790	4,907	25	1.10	56.2	6,858	350.1	Ralston Purina
315	NA	7	95	416††	671	0.13	1.2	1,099	25.4	Raychem
1,215	10	—	918	2,133	101	0.21	8.8	8,796	528.8	Raytheon
947	NA	1,018	—	1,965	123	0.26	7.2	1,902	170.7	Readers Digest Assn
14,606	28	—	—	14,606	4	14.66	290.2	1,822	175.0	Reebok International
6,265	39	281	—	6,546	16	60.31	247.3	4,012	21.7	Reliance Group
610	–16	3	—	614	537	0.08	1.0	2,575	24.0	Republic New York
1,775	71	35	416	2,226	93	0.06	1.9	6,143	532.7	Reynolds Metals
1,488	97	—	—	1,488	201	35.94	82.9	695	39.4	Riggs National
713	12	—	495	1,208	272	6.87	91.5	3,134	103.2	Rite Aid
591	33	—	—	591	554	0.14	2.0	2,661	95.5	Roadway Services
399	21	14	—	412	674	0.24	0.4	440	20.0	Rochester Community
209	NA	4	—	213	763	0.01	§	846	71.4	Rochester G&E
1,361	10	32	—	1,394	217	0.12	7.3	12,534	720.7	Rockwell Intl
678	–14	7	51	736	472	0.10	2.1	2,661	176.4	Rohm & Haas
968	39	3	—	971	366	0.11	2.9	1,182	86.5	Rorer Group
358	30	53	—	410**	676	3.11	4.1	1,508	8.9	Rose's Stores
919	12	—	—	919	392	1.47	17.4	495	9.7	Rouse
889	0	311	—	1,200	276	0.39	10.0	1,344	116.4	Rubbermaid
450	NA	—	—	450	645	0.30	2.9	688	64.7	Russell
744	–19	21	—	764	455	0.20	2.9	5,073	52.2	Ryder System
541	NA	—	—	541	578	1.21	2.3	1,383	14.7	Rykoff-Sexton
526	8	459	1,316	2,302	84	2.00	4.9	1,402	44.0	Ryland Group
530	9	92	29	651	510	0.06	1.3	2,808	300.2	Safeco
535	NA	4	—	538	580	1.08	12.1	478	46.0	Safety-Kleen
128	NA	—	—	128	773	‡	§	635	67.2	St Joe Paper
377	NA	27	—	405	682	0.25	3.0	148	50.9	St Jude Medical
448	–12	—	—	448	648	1.84	2.9	320	10.6	St Paul Bancorp
644	NA	126	221	991††	352	0.05	1.4	3,789	398.2	St Paul Cos
3,500	–13	147	—	3,647	41	0.10	2.5	8,999	470.0	Salomon

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	as CEO
San Diego G&E/Thomas A Page	57	Niagara Falls NY	Purdue, BS '55/Purdue, MS '63	technical	12	9
Santa Fe Pacific/Robert D Krebs	48	Sacramento CA	Stanford, BA '64/Harvard, MBA '66	operations	24	3
Sara Lee/John H Bryan	53	West Point MS	Rhodes C, BA '58	administration	30	15
Scana/Lawrence M Gressette Jr	58	St Matthews SC	Clemson, BS '54/S Carolina, LLB '59	legal	7	‡
SCEcorp/Howard P Allen	64	Upland CA	Pomona, BA '48/Stanford, JD '51	legal	36	6
Schering-Plough/Robert P Luciano	56	New York NY	CUNY City Col, BBA '54/Michigan, JD '58	legal	12	8
Charles Schwab/Charles R Schwab*	53	Sacramento CA	Stanford, BA '59/Stanford, MBA '61	financial	16	12
Scott Paper/Philip E Lippincott	54	Camden NJ	Dartmouth, BA '57/Michigan St, MBA '64	operations	31	8
EW Scripps/Lawrence A Leser	55	Cincinnati OH	Xavier, BS '57	financial	22	5
Seagate Technology/Alan F Shugart*	59	Los Angeles CA	Redlands, BS '53	technical	11	11
Sears, Roebuck/Edward A Brennan	56	Chicago IL	Marquette, BS '55	retailing	34	4
Security Bancorp/Andrew R Brodhun	50	England	Michigan St, BA '65	banking	3	1
Security Pacific/Robert H Smith	55	Glendale CA	USC, BS '57/Van Norman U, LLB '66	banking	29	‡
Sequa/Norman E Alexander	75	New York NY	Columbia, BA '34	legal	40	33
Service Merchandise/Raymond Zimmerman*	57	Memphis TN		retailing	30	17
SFFed Corp/Roger L Gordon	48	Neosho MO		banking	28	‡
Shaw Industries/Robert E Shaw	58	Cartersville GA		sales	30	28
Shawmut National/Joel B Alvord	51	Manchester CT	Dartmouth, AB '60/Dartmouth, MBA '61	banking	27	4
Sherwin-Williams/John G Breen	55	Cleveland OH	John Carroll, BS '56/Case West Res, MBA '61	marketing	11	11
Sigma-Aldrich/Carl T Cori	53	St Louis MO	Wisconsin, BS '59/Washington, PhD '69	technical	20	7
Signet Banking/Robert M Freeman	49	Richmond VA	Virginia, BS '63	banking	19	1
Smith's Food & Drug/Jeffrey P Smith	40	Brigham City UT		operations	20	2
Snap-on Tools/Marion F Gregory	56	Denison TX		sales	35	2
Society/Robert W Gillespie	46	Cleveland OH	Ohio Wslyn, BA '66/Case West Res, MBA '68	banking	22	3
Society for Savings/Elliott Miller	56	Cambridge MA	Harvard, BA '56/Michigan, JD '61	legal	18	11
Sonat/Ronald L Kuehn Jr	55	New York NY	Fordham, BA '57/Fordham, LLB '64	legal	20	6
Sonoco Products/Charles W Coker Jr	57	Hartsville SC	Princeton, BA '55/Harvard, MBA '57	administration	32	20
South Carolina Natl/James G Lindley	58	Greensboro NC	North Carolina, BS '53/NYU, MBA '60	banking	11	9
Southeast Banking/Charles J Zwick	63	Plantsville CT	Connecticut, BS '50/Harvard, PhD '54	financial	21	11
Southern Company/Edward L Addison	60	Cottageville SC	South Carolina, BEE '50	technical	36	7
Southern Natl/Hector MacLean	69	Baltimore MD	Davidson, BS '41/N Carolina, LLB '48	legal	37	21
So N England Telecom/Walter H Monteith Jr	59	Framingham MA	Amherst, BA '52	sales	36	6
SouthTrust/Wallace D Malone Jr	53	Dothan AL	Alabama, BS '57/Pennsylvania, MS '59	banking	31	9
Southwest Airlines/Herbert D Kelleher	59	Camden NJ	Wesleyan, BA '53/NYU, LLB '56	legal	23	9
Southwest Gas/Kenny C Guinn	53	Garland AL	Cal St Fresno, BA '58/Utah, PhD '60	administration	3	2
Southwestern Bell/Edward E Whitacre Jr	48	Ennis TX	Texas Tech, BSIE '64	technical	27	‡
Southwestern Pub Svc/W R Esler	64	Denison TX	Texas, BSEE '46	technical	42	1
Sovran Financial/Albert B Gornto Jr	60	Norfolk VA	Old Dominion, BS '56	banking	33	1
Spiegel/John J Shea	52	Newark NJ	La Salle, BS '59/Pittsburgh, MS '60	marketing	10	5
Springs Industries/Walter Y Elisha	57	Gary IN	Wabash, BA '54/Harvard, MBA '65	administration	10	9
SPX/Dale A Johnson	52	Hector MN	Mankato State U/Minnesota, PhD '68	administration	5	‡
Square D/Jerre L Stead	47	Maquoketa IA	U of Iowa, BS '65	operations	3	1
Standard Fedl Bank/Thomas R Ricketts	59	Detroit MI	Michigan, BBA '53/Michigan, JD '56	legal	34	16

*Company founder. ‡New CEO, less than six months' service.

Compensation Salary + bonus (000)	 % change	 other (000)	 stk gains (000)	 total (000)	Rank among 800 execs	Stock owned %	 mkt val (mil)	Company data[1] sales (mil)	 profits (mil)	 Company
$647	23%	$12	—	$659	505	0.08%	$1.9	$2,082	$187.1	San Diego G&E
914	–22	304	$295	1,512	190	0.06	2.0	2,978	–195.4	Santa Fe Pacific
1,392	2	685	20	2,097	110	0.23	15.5	11,746	440.8	Sara Lee
300	NA	16	—	316††	733	0.01	0.2	1,123	122.6	Scana
965	13	—	—	965	372	0.01	1.1	6,904	778.2	SCEcorp
1,515	13	60	—	1,574	181	0.01	1.0	3,158	471.3	Schering-Plough
1,129	13	8	—	1,137	300	26.83	106.0	553	18.9	Charles Schwab
756	–39	—	1,149	1,905	128	0.05	1.4	5,066	375.5	Scott Paper
881	40	6	—	887	406	0.06	0.7	1,266	89.3	EW Scripps
763	0	—	—	763	457	1.24	6.8	1,797	104.7	Seagate Technology
1,593	15	284	635	2,512	78	0.03	3.3	53,794	1,508.5	Sears, Roebuck
433	56	4	—	437	654	0.13	0.2	308	28.6	Security Bancorp
1,028	NA	11	—	1,039††	337	0.03	1.2	10,018	740.6	Security Pacific
1,391	8	—	—	1,391	218	37.78	270.8	1,959	55.9	Sequa
780	47	—	—	780	449	5.23	18.4	3,307	72.0	Service Merchandise
186	NA	—	—	186††	768	0.07	§	418	–8.6	SFFed Corp
1,150	NA	50	—	1,200	278	7.90	74.6	1,266	55.6	Shaw Industries
1,000	11	6	137	1,143	297	0.22	2.3	2,262	–128.9	Shawmut National
983	32	63	1,025	2,072	113	0.62	9.4	2,123	108.9	Sherwin-Williams
806	47	4	—	810	429	0.23	3.4	441	64.0	Sigma-Aldrich
481	–24	297	—	779	451	0.21	1.3	1,372	123.3	Signet Banking
503	NA	223	—	726	479	13.79	94.1	1,732	26.1	Smith's Food & Drug
548	–2	—	—	548	574	0.03	0.4	891	104.7	Snap-on Tools
633	14	165	114	912	393	0.04	0.4	1,139	110.0	Society
350	15	184	—	534	582	0.79	1.1	537	46.0	Society for Savings
848	7	39	449	1,336	233	0.05	1.0	1,778	109.0	Sonat
790	–6	—	388	1,179	286	1.23	17.4	1,656	103.6	Sonoco Products
511	3	103	—	614	538	0.18	0.7	659	59.2	South Carolina Natl
479	–24	7	—	486	623	0.33	1.4	1,706	80.5	Southeast Banking
787	1	40	—	827	423	‡	0.7	7,492	846.0	Southern Company
359	NA	21	—	380	695	0.39	1.1	310	23.8	Southern Natl
528	20	14	—	542	576	0.02	0.5	1,671	189.1	So N England Telecom
604	2	41	210	856	416	1.11	5.7	763	72.8	SouthTrust
461	NA	—	—	461	538	1.04	7.2	1,015	71.6	Southwest Airlines
546	–4	—	55	602	542	0.38	1.3	845	42.7	Southwest Gas
1,065	NA	136	—	1,201††	274	0.01	1.9	8,730	1,092.8	Southwestern Bell
342	25	1	—	343	717	0.02	0.2	821	124.9	Southwestern Pub Svc
801	35	250	43	1,094	316	0.04	0.6	2,651	269.2	Sovran Financial
997	27	108	—	1,105	312	0.03	0.3	1,696	73.3	Spiegel
764	–5	256	—	1,020	342	0.46	2.3	1,909	64.9	Springs Industries
351	NA	84	—	435††	655	‡	§	632	81.3	SPX
629	19	178	—	806	433	0.07	0.9	1,631	101.9	Square D
643	16	—	—	643	521	0.12	0.3	971	45.7	Standard Fedl Bank

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Stanley Works/Richard H Ayers	47	Newton MA	MIT, BS '65/MIT, MS '65	operations	18	3
Star Banc/Oliver W Waddell	59	Covington KY	Duke, BA '54/Kentucky, JD '69	banking	33	7
State Street Boston/William S Edgerly	63	Lewiston ME	MIT, BS '49/Harvard, MBA '55	financial	15	15
Stone Container/Roger W Stone	55	Chicago IL	Pennsylvania, BS '57	marketing	33	11
Student Loan/Edward A Fox	53	New York NY	Cornell, AB '58/NYU, MBA '63	financial	17	17
Subaru of America/Harvey H Lamm	54	Philadelphia PA		sales	22	15
Sumitomo Bank Calif/Keizo Yoshida	54	Japan	Tokyo, LLB '58	legal	32	3
Summit Bancorp/Thomas D Sayles Jr	58	Newton Ctr MA	Dartmouth, BA '54/NYU, MBA '61	banking	20	17
Sun Company/Robert McClements Jr	61	Philadelphia PA	Drexel, BS '52	technical	25	5
Sun Microsystems/Scott G McNealy*	35	Columbus OH	Harvard, BA '76/Stanford, MBA '80	operations	8	6
Sundstrand/Harry C Stonecipher	54	Scott County TN	Tennessee Tech, BS '60	technical	3	1
SunTrust Banks/James B Williams	57	Sewanee TN	Emory, AB '55	banking	5	‡
Sunwest Financial/Ike Kalangis	53	Santa Fe NM	Harding, BBA '60	banking	19	1
Super Food Services/Jack Twyman	56	Pittsburgh PA	Cincinnati, BBA '55	administration	20	18
Super Valu Stores/Michael W Wright	51	Minneapolis MN	Minnesota, BA '61/Minnesota, JD '63	legal	13	9
Sysco/John F Woodhouse	59	Wilmington DE	Wesleyan, BA '53/Harvard, MBA '55	financial	21	7
Talman Home Federal/Theodore H Roberts	61	Gillett AR	Northwestern St LA, BA '49/Okla St, MA '50	banking	5	5
Tambrands/Martin F C Emmett	55	South Africa	Witwatersrand, BS '57/Queens U, MBA '62	banking	1	1
Tandem Computers/James G Treybig*	49	Clarendon TX	Rice, BS '63/Stanford, MBA '68	administration	15	15
Tandy/John V Roach	51	Stamford TX	Tex Christian, BA '61/Tex Christian, MBA '65	operations	23	9
TCF Financial/William A Cooper	46	Detroit MI	Wayne State, BS '67	financial	5	5
TECO Energy/Timothy L Guzzle	53	Ottumwa IA	Oklahoma, BS '58/Texas Christian, PhD '65	technical	2	1
Tecumseh Products/Todd W Herrick	47	Tecumseh MI	Notre Dame, BA '67	administration	18	4
Tele-Communications/John C Malone	49	Milford CT	Yale, BS '63/Johns Hopkins, PhD '67	administration	17	17
Teledyne/George A Roberts	71	Uniontown PA	Carnegie-Mellon, BS '39/Carnegie, PhD '42	technical	49	4
Tele & Data Systems/LeRoy T Carlson Jr	43	Chicago IL	Harvard, BA '68/Harvard, MBA '71	financial	16	4
Temple-Inland/Clifford J Grum	55	Davenport IA	Austin, BA '56/Pennsylvania, MBA '58	financial	22	6
Tenneco/James L Ketelsen	59	Davenport IA	Northwestern, BS '52	financial	31	12
Texaco/James W Kinnear	62	Pittsburgh PA	US Naval Acad, BS '50	sales	36	3
Texas Air/Francisco A Lorenzo	50	New York NY	Columbia, BA '61/Harvard, MBA '63	financial	18	10
Texas Instruments/Jerry R Junkins	52	Fort Madison IA	Iowa St, BS '59/Southern Methodist, MS '68	operations	31	5
Texas Utilities/Jerry S Farrington	55	Burkburnett TX	U No Texas, BBA '55/U No Texas, MBA '58	administration	33	3
Textron/Beverly F Dolan	62	Augusta GA	Georgia, BS '52	operations	36	5
Time Warner/J Richard Munro[1]	59	Syracuse NY	Colgate, BA '57	operations	33	10
Times Mirror/Robert F Erburu	59	Ventura CA	USC, BA '52/Harvard, JD '55	legal	29	9
Timken/William R Timken Jr	51	Canton OH	Stanford, BA '60/Harvard, MBA '62	operations	28	15
TJX Cos/Bernard Cammarata	50	Brooklyn NY		retailing	14	3
Torchmark/Ronald K Richey	63	Erie KS	Washburn, BA '49/Washburn, JD '51	insurance	26	5
Tosco/Thomas D O'Malley	48	New York NY	Manhattan, BBA '63	investment	2	‡
Toys "R" Us/Charles Lazarus*	66	Washington DC		administration	34	34
Transamerica/James R Harvey	55	Los Angeles CA	Princeton, BS '56/Calif Berkeley, MBA '63	financial	25	9
Transco Energy/George S Slocum	49	East Orange NJ	Cornell, BA '62/Cornell, MBA '67	financial	12	3
Travelers/Edward H Budd	57	Zanesville OH	Tufts, BS '55	insurance	35	9

[1] Office jointly held with Steven J Ross. *Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$793	37%	—	—	$793	442	0.08%	$1.1	$1,972	$117.7	Stanley Works
474	–2	$4	—	478	626	0.06	0.3	636	58.0	Star Banc
829	11	—	—	829	422	0.93	12.2	1,092	104.0	State Street Boston
1,379	37	—	—	1,379	220	2.65	29.2	5,330	285.8	Stone Container
883	13	1,149	—	2,032	119	‡	§	3,281	257.6	Student Loan
492	–12	—	—	492	618	0.30	0.9	1,637	–20.1	Subaru of America
196	1	14	—	210	765	0.13	0.3	438	34.0	Sumitomo Bank Calif
559	21	10	—	569	563	0.59	1.7	425	52.2	Summit Bancorp
938	–8	31	$711	1,681	163	0.02	0.8	9,805	98.0	Sun Company
781	60	—	—	781	448	2.08	40.1	2,062	36.1	Sun Microsystems
550	15	93	—	643	520	0.28	3.4	1,595	120.8	Sundstrand
471	NA	210	76	757††	463	0.18	4.7	3,296	337.3	SunTrust Banks
182	NA	4	—	186	767	0.12	0.2	310	20.1	Sunwest Financial
638	14	224	232	1,095	315	1.73	3.1	1,710	16.1	Super Food Services
900	34	—	174	1,074	326	0.16	2.9	11,000	141.6	Super Valu Stores
1,083	55	—	—	1,083	320	0.36	9.7	7,326	119.6	Sysco
600	0	10	—	610	540	4.38	2.3	568	20.2	Talman Home Federal
425	NA	—	—	425	665	0.14	2.3	583	1.7	Tambrands
479	0	—	—	479	625	0.67	16.7	1,677	117.8	Tandem Computers
971	11	84	—	1,055	331	0.07	1.9	4,284	303.9	Tandy
592	9	—	—	592	552	2.05	1.4	534	11.1	TCF Financial
508	41	11	—	519	597	‡	§	1,060	133.8	TECO Energy
230	NA	4	—	234	759	‡	§	1,510	82.6	Tecumseh Products
405	1	15	—	420	668	0.62	27.8	3,026	–257.0	Tele-Communications
819	1	—	—	819	425	0.88	13.7	3,531	150.3	Teledyne
246	NA	—	—	246	758	3.57	34.8	240	11.1	Tele & Data Systems
821	2	352	516	1,689	162	0.34	5.8	2,124	207.4	Temple-Inland
1,636	52	59	—	1,695	160	0.08	6.9	14,083	584.0	Tenneco
1,793	36	2,150	—	3,943	35	0.04	5.3	32,416	2,413.0	Texaco
977	24	313	—	1,290**	245	‡	§	6,685	–885.6	Texas Air
702	–12	8	125	835	421	0.04	1.2	6,522	291.7	Texas Instruments
500	4	7	—	507	604	‡	0.4	4,321	779.1	Texas Utilities
2,317	12	204	—	2,521	77	0.22	4.7	7,440	268.7	Textron
2,450	0	—	—	2,450	80	0.20	10.7	7,642	–256.0	Time Warner
1,146	–4	488	—	1,635	172	0.23	8.3	3,475	298.0	Times Mirror
513	–8	6	—	520	595	13.42	123.3	1,533	55.3	Timken
666	NA	173	—	839**	418	0.15	1.4	2,149	86.8	TJX Cos
1,084	35	48	11,588	12,719	7	0.86	20.4	1,634	211.3	Torchmark
NA	NA	—	—	—	—	2.80	7.5	1,441	40.5	Tosco
5,277	19	16	—	5,293	21	0.02	1.8	4,788	321.1	Toys "R" Us
1,386	7	118	1,507	3,011	56	0.09	2.3	6,834	332.2	Transamerica
686	22	121	—	807	432	0.08	0.9	2,989	112.5	Transco Energy
950	13	5	251	1,206	273	0.07	2.0	12,523	424.0	Travelers

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Corporate America's Most Powerful People

			Education		Tenure (years)	
Company/Chief executive	**Age**	**Birthplace**	**undergraduate/graduate**	**Background**	**with firm**	**as CEO**
Tribune/Stanton R Cook	64	Chicago IL	Northwestern, BS '49	technical	39	16
Trinova/Darryl F Allen	46	Detroit MI	Michigan St, BA '65/Michigan, MBA '66	financial	18	4
Trustmark/Frank R Day	52	Aberdeen MS	Mississippi, BA '53	banking	32	14
TRW/Joseph T Gorman	53	Rising Sun IN	Kent State U, BA '60/Yale, LLB '62	legal	22	1
Tucson Electric/Thomas C Weir	56	Sandwich IL		administration	2	1
Turner Broadcasting/Robert E Turner*	51	Cincinnati OH		sales	27	27
Turner Corp/Alfred T McNeill	53	Elizabeth NJ	Lehigh, BS '58	technical	32	1
TW Holdings/Jerome J Richardson	53	Spring Hope NC	Wofford, BA '59	administration	29	1
20th Century Inds/Louis W Foster*	77	Newberry MI	Stanford, BA '35	insurance	34	34
Tyco Laboratories/John F Fort	48	New York NY	Princeton, BS '63/MIT, MS '66	technical	25	7
Tyson Foods/Don Tyson	60	Olathe KS		operations	38	27
UAL/Stephen M Wolf	48	Oakland CA	San Francisco State U, BA '65	operations	2	2
UJB Financial/T Joseph Semrod	53	Okla City OK	Oklahoma, BA '58/Oklahoma, JD '63	banking	9	9
Union Bank/Seiichi Itoh	55	Japan	Osaka, BA '57	banking	18	5
Union Camp/Raymond E Cartledge	60	Pensacola FL	Alabama, BBA '52	sales	34	4
Union Carbide/Robert D Kennedy	57	Pittsburgh PA	Cornell, BME '55	operations	35	4
Union Electric/William E Cornelius	58	Salt Lake UT	Missouri, BS '53/Washington, MLA '83	financial	28	6
Union Pacific/Andrew L Lewis Jr	58	Philadelphia PA	Haverford, BS '53/Harvard, MBA '55	administration	4	3
Union Planters/Benjamin W Rawlins Jr	52	Murfreesboro TN	Vanderbilt, BA '61/Georgia St, MBA '69	banking	16	6
Union Texas Petrol/A Clark Johnson	59	Philadelphia PA	Haverford, BA '52/Pennsylvania, MBA '54	marketing	22	6
Unisys/James A Unruh	49	Goodrich ND	Jamestown, BSBA '63/Denver, MBA '64	financial	8	‡
UA Entertainment/Stewart D Blair	41	Scotland	U of Glasgow, MA '71	administration	3	3
United Banks of Colo/N Berne Hart	60	Denver CO	Colorado Col, BA '51	banking	36	11
United Missouri Bcsh/R Crosby Kemper	63	Kansas City MO		banking	40	20
US Bancorp/Roger L Breezley	52	Williston ND	North Dakota, BA '60	financial	13	3
US Shoe/Bannus B Hudson	44	Fort Scott KS	Kansas, BS '68	marketing	5	‡
United Technologies/Robert F Daniell	56	Milton MA	Boston U, AS '54	operations	34	4
United Telecom/William T Esrey	50	Philadelphia PA	Denison, BA '61/Harvard, MBA '64	administration	10	5
Univar/James W Bernard	52	Brainerd MN	Oregon, BS '60	sales	30	4
Universal/Henry H Harrell	50	Richmond VA	Washington & Lee, BA '61	administration	16	2
Unocal/Richard J Stegemeier	62	Alton IL	Missouri, BS '50/Texas A&M, MS '51	technical	39	2
UNUM/James F Orr III	47	Minneapolis MN	Villanova, BS '62/Boston U, MBA '69	banking	4	3
Upjohn/Theodore Cooper	61	Trenton NJ	Georgetown, BS '49/St Louis, PhD '56	technical	10	3
US West/Jack A MacAllister	62	Humeston IA	U of Iowa, BC '50	administration	40	15
USAir Group/Edwin I Colodny	63	Burlington VT	Rochester, AB '48/Harvard, LLB '51	legal	33	15
USF&G/Jack Moseley	58	Birmingham AL	Auburn, BS '53	insurance	37	10
USG/Eugene B Connolly	58	New York NY	Hofstra, BS '54/Hofstra, MBA '64	administration	32	‡
USLife/Gordon E Crosby Jr	69	Remsen IA		marketing	31	24
UST Inc/Louis F Bantle	61	Bridgeport CT	Syracuse, BS '51	marketing	28	17
USX/Charles A Corry	58	Cincinnati OH	Cincinnati, BA '55/Cincinnati, JD '59	administration	31	1
Valhi/Harold C Simmons	59	Alba TX	Texas, BA '51/Texas, MA '52	investment	7	3
Valley Bancorp/Peter M Platten III	50	Green Bay WI	Wisconsin, BBA '62	banking	25	1
Valley Federal S&L/Scott A Braly†	36	Newport Bch CA	USC, BS '75	financial	1	‡

*Company founder. †Acting CEO. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$1,158	9%	$1,038	—	$2,196	96	0.52%	$13.9	$2,455	$242.4	Tribune
707	–11	22	—	730	477	0.07	0.6	1,942	32.3	Trinova
326	9	—	—	326	729	4.24	8.3	308	28.1	Trustmark
1,060	30	38	$183	1,281	249	0.06	1.6	7,340	263.0	TRW
278	NA	6	—	284	750	‡	§	594	–82.1	Tucson Electric
677	NA	64	—	741	468	61.79	367.6	1,059	–27.6	Turner Broadcasting
380	33	—	—	380	696	0.40	0.3	3,562	2.8	Turner Corp
696	NA	2,157	1,799	4,652	29	3.70	12.4	3,485	–57.3	TW Holdings
604	NA	7	—	611**	539	9.19	48.7	706	91.0	20th Century Inds
1,200	29	2,874	—	4,074	34	2.39	45.0	2,100	104.7	Tyco Laboratories
3,565	39	218	—	3,782	38	18.68	353.4	2,937	103.7	Tyson Foods
1,150	100	137	—	1,287	246	0.34	11.5	9,794	324.2	UAL
827	3	432	341	1,600	177	0.27	1.7	1,224	118.5	UJB Financial
406	19	42	—	449	647	0.02	0.1	1,650	138.9	Union Bank
778	–2	24	129	931	382	0.04	0.9	2,761	299.4	Union Camp
1,410	1	5	—	1,414	213	0.29	8.1	8,744	573.0	Union Carbide
525	13	2	—	527	589	0.02	0.4	2,010	285.6	Union Electric
1,550	15	103	1,670	3,323	49	0.05	3.3	6,492	595.0	Union Pacific
447	5	170	—	616	536	0.26	0.4	432	–22.3	Union Planters
680	–7	—	818	1,497	197	0.23	3.5	981	172.6	Union Texas Petrol
375	NA	49	—	424††	667	0.01	0.3	10,097	–639.3	Unisys
350	19	—	—	350	714	‡	0.1	1,067	–91.9	UA Entertainment
329	–17	141	—	470	631	0.30	0.9	635	18.1	United Banks of Colo
493	9	16	83	592	551	9.35	33.4	385	37.6	United Missouri Bcsh
485	8	19	597	1,102	313	0.13	1.7	1,672	150.8	US Bancorp
488	NA	—	—	488††	622	0.09	0.8	2,492	51.4	US Shoe
1,280	12	103	477	1,860	134	0.04	2.6	19,532	702.1	United Technologies
967	4	738	—	1,706	156	0.02	1.8	7,549	362.9	United Telecom
762	NA	—	—	762	458	1.02	2.4	1,377	20.8	Univar
446	18	13	—	459	642	0.11	0.5	2,902	47.3	Universal
1,065	21	3	—	1,068	327	0.08	5.2	10,056	260.0	Unocal
965	24	—	—	965	371	0.06	0.9	1,934	155.4	UNUM
1,187	18	5	644	1,836	135	0.08	5.0	2,907	176.0	Upjohn
1,310	1	10	192	1,512	189	0.04	4.8	9,691	1,110.7	US West
571	–10	1,757	482	2,810	62	0.39	4.7	6,252	–63.2	USAir Group
1,180	30	302	46	1,528	188	0.02	0.6	4,679	116.7	USF&G
335	NA	1	—	336††	722	0.36	0.8	2,191	28.0	USG
959	11	357	36	1,352	227	0.79	4.5	1,200	80.3	USLife
2,126	23	22	3,635	5,783	18	1.00	30.2	670	190.5	UST Inc
1,347	NA	—	—	1,347	230	‡	0.3	17,533	965.0	USX
795	–40	—	—	795	441	0.07	1.2	2,269	102.3	Valhi
352	41	29	—	381	693	0.61	1.7	315	29.7	Valley Bancorp
NA	NA	—	—	—	—	‡	§	338	–72.9	Valley Federal S&L

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Corporate America's Most Powerful People

Company/Chief executive	Age	Birthplace	Education undergraduate/graduate	Background	Tenure (years) with firm	Tenure (years) as CEO
Valley National/Richard J Lehmann	46	Portland OR	Washington, BA '66/Washington, MBA '68	banking	2	‡
VF/Lawrence R Pugh	57	White Plains NY	Colby, BBA '56	marketing	10	8
Viacom/Frank J Biondi Jr	45	New York NY	Princeton, BA '66/Harvard, MBA '68	administration	3	3
Vista Chemical/John D Burns*	57	Houston TX	Rice, BS '56/Harvard, PMD '73	technical	35	6
Vons Cos/Roger E Stangeland	60	Chicago IL	Illinois, BS '51	retailing	30	6
Vulcan Materials/Herbert A Sklenar	58	Omaha NE	U Nebraska Omaha, BS '52/Harvard, MBA '54	financial	18	4
Waban/John F Levy	43	Newton MA	Trinity College CT, BA '69/Harvard, MBA '73	journalism	17	1
Wal-Mart Stores/David D Glass	54	Mtnview MO	SW Missouri St, BS '59	financial	14	2
Walgreen/Charles R Walgreen III	54	Chicago IL	Michigan, BS '58	operations	38	19
Wang Laboratories/Richard W Miller	49	Buffalo NY	Case Western Res, BA '67/Harvard, MBA '70	financial	1	‡
Warner-Lambert/Joseph D Williams	63	Washington PA	U Nebraska Lincoln, BS '50	marketing	40	5
Washington Mutual/Louis H Pepper	65	Libertyville IL	Wisconsin, BA '50/Wisconsin, JD '51	legal	9	9
Washington National/Robert W Patin	47	Pittsburgh PA	Muskingum C, BA '64	insurance	2	2
Washington Post/Katharine Graham	72	New York NY	Chicago, AB '38	administration	27	17
Washington Water/Paul A Redmond	53	Lakeview OR	Gonzaga, BS '65	operations	25	6
Waste Management/Dean L Buntrock*	58	Columbia SD	St Olaf, BA '55	administration	34	22
Weis Markets/Sigfried Weis	74	Selinsgrove PA	Yale, BA '38	retailing	52	30
Wellman/Thomas M Duff	42	Hoboken NJ	Rutgers, BA '70	administration	20	5
Wells Fargo/Carl E Reichardt	58	Houston TX	USC, BA '56	banking	20	7
West One Bancorp/Daniel R Nelson	52	Spokane WA	Washington St, BBA '62	banking	6	4
Western Capital Inv/Robert J Malone	45	Los Angeles CA	Loyola, BA '66/USC, MBA '69	banking	‡	‡
Westinghouse/John C Marous	64	Pittsburgh PA	Pittsburgh, BS '47/Pittsburgh, MS '49	technical	41	2
Westvaco/John A Luke	64	Tyrone PA	Yale, AB '49	operations	41	2
Wetterau/Ted C Wetterau	62	St Louis MO	Westminster, BA '52	marketing	38	20
Weyerhaeuser/George H Weyerhaeuser	63	Seattle WA	Yale, BS '49	operations	41	24
Wheelabrator Tech/Paul M Montrone	49	Scranton PA	U of Scranton, BS '62/Columbia, PhD '65	financial	20	1
Wheeling-Pittsburgh/Wm J Scharffenberger	69	New York NY	Columbia, BS '42	financial	3	3
Whirlpool/David R Whitwam	48	Stanley WI	Wisconsin, BS '67	marketing	22	3
Whitman/James W Cozad	63	Huntington IN	Indiana, BS '50	financial	‡	‡
Whitney Holding/William L Marks	47	Florence AL	Wake Forest, BA '66	banking	‡	‡
Willamette Inds/William Swindells	59	Oakland CA	Stanford, BS '53	operations	37	8
Williams Cos/Joseph H Williams	56	Tulsa OK	Yale, BA '56	operations	31	11
Wilmington Trust/Bernard J Taylor II	64	Philadelphia PA	Pennsylvania, BS '49	banking	11	11
Winn-Dixie Stores/A Dano Davis	44	New Rochelle NY		retailing	22	8
Wisconsin Energy/Charles S McNeer	64	Gilbert WV	Northwestern, BS '50	technical	40	15
Witco/William Wishnick	65	Brooklyn NY	Texas, BBA '49	administration	48	19
Woolworth/Harold E Sells	61	Ozark AR		retailing	45	3
Worthington Inds/John H McConnell*	67	N Manchester WV	Michigan, BA '49	marketing	35	35
Wm Wrigley Jr/William Wrigley	57	Chicago IL	Yale, BA '54	marketing	34	29
Xerox/David T Kearns	59	Rochester NY	Rochester, BS '52	sales	19	8
Yellow Freight Sys/George E Powell Jr	63	Kansas City MO		administration	38	22
Zenith Electronics/Jerry K Pearlman	51	Des Moines IA	Princeton, AB '60/Harvard, MBA '62	financial	19	7
Zions Bancorporation/Roy W Simmons	74	Portland OR		banking	36	25

*Company founder. ‡New CEO, less than six months' service.

Compensation					Rank	Stock owned		Company data[1]		
Salary + bonus (000)	% change	other (000)	stk gains (000)	total (000)	among 800 execs	%	mkt val (mil)	sales (mil)	profits (mil)	Company
$488	NA	$42	—	$530††	585	0.06%	$0.2	$1,201	$–149.2	Valley National
1,085	10%	112	—	1,197	279	0.05	0.9	2,533	176.0	VF
1,153	21	—	—	1,153**	293	‡	§	1,436	131.1	Viacom
820	21	12	$2,978	3,809	37	1.74	6.8	758	102.8	Vista Chemical
646	8	—	—	646	517	2.93	§	5,221	–25.1	Vons Cos
709	0	449	—	1,158	289	0.24	4.2	1,076	129.4	Vulcan Materials
609	NA	171	—	780	450	0.62	1.3	2,057	28.8	Waban
600	0	30	6,129	6,759**	15	0.15	41.3	25,922	1,075.9	Wal-Mart Stores
862	33	785	—	1,647	169	0.63	16.2	5,555	158.2	Walgreen
NA	NA	—	—	—	—	‡	§	2,620	–511.0	Wang Laboratories
1,505	15	59	—	1,564	184	0.05	3.6	4,196	412.7	Warner-Lambert
481	16	10	314	805	436	0.37	0.9	660	19.8	Washington Mutual
375	150	190	—	565	565	0.07	0.2	810	9.8	Washington National
740	13	18	—	758	462	12.16	356.6	1,444	197.9	Washington Post
266	–14	67	—	333	726	0.04	0.2	590	72.1	Washington Water
1,357	–3	96	—	1,453	209	0.75	124.7	4,459	562.1	Waste Management
420	6	9	—	429	659	32.82	439.9	1,239	86.4	Weis Markets
410	NA	—	—	410	677	1.45	13.6	438	54.5	Wellman
1,553	17	87	154	1,793	138	0.27	9.2	5,649	601.1	Wells Fargo
374	19	—	—	374	701	‡	§	429	33.6	West One Bancorp
375*	NA	—	—	375	700	‡	§	306	–93.3	Western Capital Inv
1,808	28	296	1,043	3,147	54	0.02	1.9	12,844	922.0	Westinghouse
942	31	57	—	998	348	0.35	5.7	2,315	220.9	Westvaco
850	9	185	—	1,035	339	4.73	27.4	5,189	45.9	Wetterau
1,060	–4	8	431	1,498	196	1.19	61.0	10,106	341.1	Weyerhaeuser
NA	NA	—	—	—	—	2.18	31.7	1,493	58.5	Wheelabrator Tech
300	0	—	—	300	742	‡	§	1,147	128.8	Wheeling-Pittsburgh
1,030	83	—	—	1,030	341	0.03	0.6	6,152	187.2	Whirlpool
650*	NA	—	—	650	513	0.22	5.9	3,986	190.7	Whitman
NA	NA	—	—	—	—	‡	§	236	–60.0	Whitney Holding
516	11	12	—	528	587	6.83	84.6	1,892	191.1	Willamette Inds
876	5	52	404	1,332	234	0.31	3.9	1,717	52.5	Williams Cos
710	11	—	12	721	482	0.35	2.2	379	59.4	Wilmington Trust
526	12	24	—	550	572	2.32	54.9	9,486	146.6	Winn-Dixie Stores
624	46	6	—	630	528	0.05	0.9	1,493	194.0	Wisconsin Energy
522	–19	—	—	522	593	1.92	13.3	1,588	35.0	Witco
1,380	15	777	—	2,158	99	0.09	3.3	8,820	229.0	Woolworth
546	6	24	—	570	561	14.50	122.1	943	54.9	Worthington Inds
681	11	20	—	701	493	17.54	368.7	993	106.1	Wm Wrigley Jr
1,333	48	283	263	1,879	181	0.04	2.0	17,635	704.0	Xerox
663	–4	17	—	679	499	3.11	23.3	2,220	18.6	Yellow Freight Sys
463	–26	—	—	463	637	0.19	0.5	1,549	–68.4	Zenith Electronics
NA	—	—	—	—	—	7.87	13.0	321	13.9	Zions Bancorporation

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Edited by Gary Slutsker

Patients who need kidney and heart transplants are dying because not enough people donate organs. Is it time to treat organs as private property that people can buy and sell?

Should I be allowed to buy your kidney?

By Ronald Bailey

RANDY CREECH, a 43-year-old executive with an Exxon subsidiary in Houston, has needed a new heart since a viral infection all but destroyed his heart muscle. Creech, the father of two, has been on the Texas Heart Institute's transplant waiting list for three months. He works part time, all the while waiting for a pager at his side to beep, signaling that he has four hours to get to the hospital where surgeons will be waiting with a fresh heart. There are 20 people of his blood type on a list of 60.

Modern medicine has worked miracles for people who need a new heart or kidney or other organs. Demand for organ transplants has increased sharply. Unfortunately, there are no miracles on the supply side. Thousands of would-be recipients die every year while waiting.

Can anything be done to increase the supply of transplant organs? Some doctors are very quietly talking about compensating donors.

That's right: I'll pay you $5,000 for one of your kidneys. Not enough?

Janice Rubin

Randy Creech at a Houston park with son John, wife Linda, and daughter Sara
If donor families were paid, he might stand a better chance of getting a heart in time.

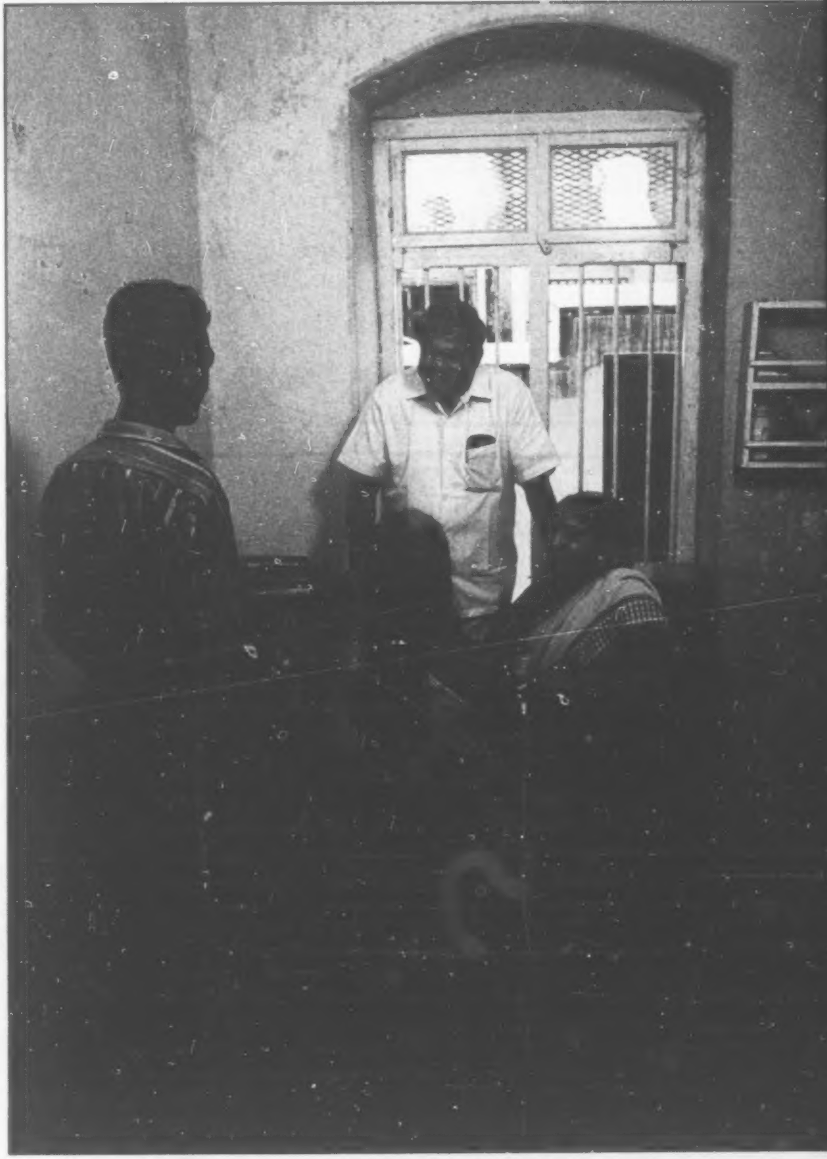
Science & Technology

How about $20,000?

Right now trafficking in organs is punishable by big fines and imprisonment in the U.S. and throughout much of the industrialized world—although commercial transactions in blood are not. But not every country observes the taboo. Circumstantial evidence is accumulating that the Republic of China has turned the transplant business into a source of hard currency. The government, which reportedly has executed 11,000 people in the past decade, prefers using a shot through the head. By so doing, the executioners maximize doctors' chances of retrieving useful organs from the prisoner's body. "Execution by organ donation" is how the ghoulish process is described by Brian Broznick, executive director of the Pittsburgh Organ Transplant Foundation, the U.S.' largest organ procurement organization. The Chinese Embassy in Washington denies that organs are taken from executed prisoners and used for transplantation.

True or not, it is a fact that well-to-do Singaporeans and Hong Kong citizens have traveled to China for transplanted organs, in most cases kidneys.

However distasteful this may sound, a strong case can be made that people should be allowed to sell and buy human organs. The supply continues to fall short of demand. After a period of growth in the early 1980s, the number of donations has leveled off *(see chart, p. 370)*.



In an effort to bolster faltering voluntary donations, Congress passed a law in 1988 requiring hospitals to ask families for permission to donate the organs from their recently deceased family members. Sadly, the law has produced gruesome sessions in which the doctor first breaks the bad news about Uncle Isador, then asks for his organs. "Required request laws are a joke," says Broznick, the Pittsburgh organ executive.

There are some bright spots. A Boston consulting firm, Corporate Decisions, Inc., is working with the regional Kentucky organ procurement organization. The program focuses on hospitals that treat serious head injuries and trains hospital employees in how to deal with the emotional distress of donor families. The consultants sensibly recommend that the request for organ donation come at a time after the family has been informed of the death. The experimental program has helped increase organ donations by 20%—a significant step in the right direction.

But it is by no means certain that voluntary donations will ever provide sufficient supply, given advancements in medical science and in organ transplanting. "I can't see why the only persons not to make a legitimate degree of financial advantage from transplantation are the people who give the organs," says Dr. John Dossetor, a nephrologist (kidney doctor) and a bioethicist in Edmonton, Alberta. "Everybody else is living by it, including myself."

There are any number of ways to compensate donors or their families. The compensation can come in the form of straight cash, or coverage of burial expenses, or through estate tax breaks or college education benefits for survivors.

When people think of organ donations, they usually think of cadaver donations—organs removed from dead bodies. But there is another possibility: live donors. There were 1,822 such donors of kidneys last year in the U.S. Increasingly, there are more live donations of bone marrow and pieces of liver; like blood, liver can regenerate to produce whole organs in both donor and recipient.

In the world's poorer countries, hospitals rarely have the equipment or trained staff to save organs for transplant. Nor can most of these countries afford hemodialysis facilities, thus, in effect, sentencing pa-

Pablo Bartholomew/Gamma-Liaison

Kidney transplant specialist Dr. K.C. Reddy in Madras, India, counseling potential husband-and-wife donors with social worker (l.), and at bedside with prospective transplant recipient and his donor brother

"Either I buy, or they die."

tients with kidney failure to certain death. In the case of kidney failure, the only real solution in many poor countries is to buy a kidney from a living donor, in a straightforward commercial transaction.

Consider the case of A.S. Reddy, a 45-year-old corporate secretary at the publishing house Orient-Longman in Hyderabad, India. His kidneys failed three years ago. None of his siblings was an appropriate donor. Reddy was fortunate to be able to afford private renal dialysis while his doctor, K.C. Reddy (no relation), looked for an appropriate donor. After just three months on dialysis, Reddy was successfully implanted with a kidney from Mrs. Velangani Vitalravi, a 25-year-old garment factory worker and mother of two.

"I had no choice but to pay for a kidney," the recipient says. Surgeon K.C. Reddy phrases his ethical response in this way: "Either I buy, or they die."

What about the lady who parted with one of her two kidneys? Mrs. Vitalravi used her money to buy a piece of land in her home town of Ambattur, just outside Madras, where she plans to build a house one day. Her husband also sold one of his kidneys and used the money to pay off debts and cover his sister's dowry and wedding costs.

Dr. Reddy, who did the operation, was trained in Madras, spent a year at Sinai Hospital in Baltimore, worked for five years in hospitals in England and ultimately returned to India in the early 1980s. His transplant team has performed more than 600 transplants to date—all of which involved kidneys obtained from living donors, 450 of whom were unrelated. Reddy's clinic also handles the financial arrangements, in order to exclude middlemen who might coerce or blackmail donors to sell a kidney.

A complete operation in Dr. Reddy's clinic, including hospital costs, testing and donated organ, costs $5,000 for an Indian recipient, or $8,000 for a foreigner. (In the U.S. a kidney transplant operation typically costs $51,000 and is covered by Medicare.) Reddy pays kidney donors $1,800—about six times the average annual wage in India.

Thus are organs literally human capital. According to Reddy, one kidney donor bought a small farm, another set up shop as a shoemaker, a third set up a poultry business. Will Americans seek kidney transplants in India and other places where the organs are available if the supply bottleneck gets much worse?

"I have no doubt that it will occur," says Dallas nephrologist Alan Hull. "As the waiting list grows, I have to say to patients, 'Look, you have a rare blood type and you're a high reactor. The waiting time for you will be five to ten years, which is longer than your life expectancy, so while I'd love to give you a transplant, I don't think I can offer it to you.' If that person has money and there's a kidney in Bombay—their chances are just under 50-50, let's say—you know what will happen. They're going to buy one."

Adds Hull: "When you bring that

The fetal tissue issue

If a woman has the right to abort her fetus, should she also have the right to sell the valuable fetal tissue?

Although Ronald Reagan's Administration ordered the current ban on federally funded fetal tissue transplant research, this work is advancing in private labs. For example, Hana Biologics in Alameda, Calif. has transplanted cells from fetal pancreases as experimental treatments for diabetes. Others have tried to treat Parkinson's disease using fetal brain cells.

The largest supplier of fetal tissue in the U.S., Exton, Pa.-based International Institute for the Advancement of Medicine, contracts to take fetuses only from clinics where women have signed consent forms for donating the tissue.

But where do ethicists draw a line? Dr. K.M. Lai in Hong Kong says researchers in China report good results treating diabetes using third-trimester fetal pancreases in transplants. Such atrocities are unthinkable in the U.S., where late-pregnancy abortions are illegal, except where the mother's health is at stake.—R.B.

scenario up at medical society meetings, no one wants to talk about it."

Under current U.S. law, a living donor cannot be paid for his or her organ, but can specify who is to receive it. That simply means that most live kidney donors are related to the recipients. Yet doctors will tell you that illegal compensation is sometimes exchanged.

"The fact is that many [living donors] are getting compensated under the table," says Dr. Hull of Dallas. "Suddenly a [donor] gets a new business, or a new house or a new car, just after he's donated to his nephew or some friend. And medicine has trouble with that, because we don't want to know about it." Dr. James Light of Washington, D.C.-based Washington Hospital Center, one of the largest transplant centers in the nation, estimates that in perhaps 15% to 20% of the cases between living related donors, some economic benefit is exchanged.

It's one of the toughest ethical questions in medicine: Doctors want more organ donations, but they don't want to see kidneys bought and sold like cars or sides of beef.

"I would look for ways of legalizing

Frozen storage

It is illegal to sell or buy solid organs, but Joseph Feldschuh, a New York endocrinologist, has been exploiting the commercial possibilities of other human tissues since 1974. His publicly held Daxor, Inc. operates one of the world's largest cryogenic human sperm banks. It also runs a growing business in frozen blood storage (Forbes, *June 1, 1987*).

At Daxor's Idant Laboratories operation in midtown Manhattan, 40,000 units of semen are stored in plastic straws in gleaming round silver tanks cooled by liquid nitrogen at 321 degrees below zero Fahrenheit. Idant claims responsibility for over 15,000 pregnancies.

Mixing up straws can have disastrous consequences, as in the well-publicized case on Long Island in which a white woman who wished to be inseminated with her husband's sperm claims she was instead accidentally inseminated with the sperm of a black man. Daxor had stored the husband's sperm and shipped it to the Long Island fertility doctor, who performed the insemination. Both the doctor and Daxor are named in a lawsuit charging both parties with negligence. Daxor, however, disclaims any responsibility.

About 75% of Idant's sperm is stored by donors for themselves, usually men who are about to be rendered infertile by chemotherapy, radiation therapy or a vasectomy. These men pay an initial $90 processing fee and a yearly storage fee of $24 per unit.

The other 25% is purchased at $50 per specimen from young men, mostly college educated, always under 40, who are put through a rigorous screening process. One donor says he made $3,400 last year.

A couple seeking artificial insemination pays an examination fee of $285 and then a $100 insemination fee per unit used. Successful insemination can take as many as a dozen units, so the fees can add up.

Several years ago Feldschuh's father contracted hepatitis from a blood transfusion and died after his liver was destroyed. That tragic experience prompted Feldschuh to launch a new blood banking service in 1985 to freeze and store clients' blood for their own future use. Idant charges an initial $85 fee for collecting and testing blood, plus annual storage fees of $96 and $150, respectively, for the plasma and the red blood cells. There is also a $65 processing fee when the blood is used, which can be up to ten years later.

Financially, Daxor has seen better days. Fears of an AIDS-infected blood supply in the mid-1980s propelled Daxor's stock to a high of 37 in 1987. Last year it lost $100,000 on revenues from operations of just $2.2 million. The stock recently hit its alltime low, trading at 2¾ on the American Stock Exchange. Daxor's market value of $14 million is less than its tangible book value. Why? One reason: Feldschuh is going through a messy divorce, and his wife, who owns 10% of the shares, might dump her stock on the market.—R.B.

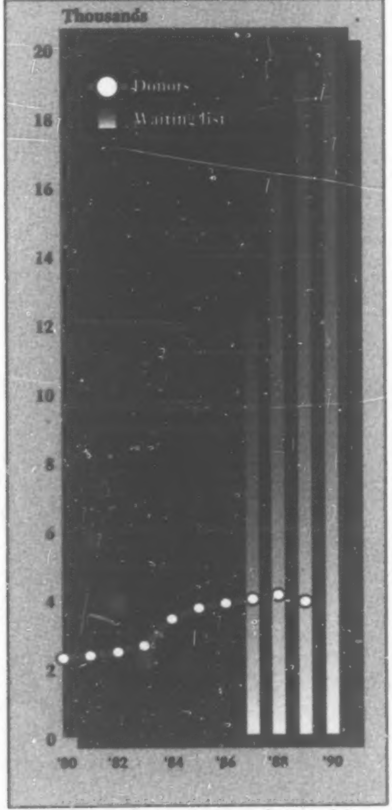
Frederick Charles

Daxor's Feldschuh and associate, opening semen freezer organ sales, and knowing all that I know about our society, I'd do it with oversight and regulation, so that nobody would worry about it," says H. Tristam Engelhardt Jr., a bioethicist and physician at Baylor College of Medicine in Houston.

Current law says that no money can change hands for an organ. Most living donors give to a blood relative, where the chances are greatest of a good match. Occasionally, however, people who are not blood related—spouses, friends, lovers—are capable of donating. But before they can, doctors want to satisfy themselves that the donor's motive is purely altruistic. Dr. Ronald Ferguson, a nephrologist at Ohio State University, says he looks for "some sort of emotional tie to make sure that the kidney is given in the right spirit."

Supply and demand

The demand for organs for transplant patients continues to grow rapidly, while the supply has been stuck at around 4,000 donors for the past four years. Each donor can supply two kidneys, a heart, liver, lungs and pancreas. Since the inception of the national transplant waiting list in October 1987, the number of patients waiting has increased by 68%.



Sources: Battelle Seattle Research; United Network for Organ Sharing.

The whole issue is so wrapped in emotion that it is difficult to get even rational discussion. When Congress passed the National Organ Transplant Act in 1984, it made the buying and selling of organs an illegal act punishable by fines of up to $50,000 or five years in prison, or both. Reports of foreigners buying their way to the top of U.S. transplant lists helped mobilize support for the legislation and won a 1986 Pulitzer Prize for the *Pittsburgh Press.*

In Britain recently, Dr. Maurice Bewick, a prominent kidney transplant surgeon, was suspended from private practice for two years by the General Medical Council after he transplanted a kidney into a Turkish man. The patient had paid $4,000 to the donor, another Turk, who had accompanied the man on a trip to London for the operation. At the time of the operation, the transaction was not illegal in Britain, although the British Transplantation Society's guidelines forbade such deals. A colleague also lost his license. Soon after the case arose in January 1989, the British Parliament outlawed the purchase of organs for transplantation.

At the root of the fundamental questions posed by transplants are the great leaps forward in the area of drugs that reduce the chances that the recipient's body will reject a donated organ. Thus donors and recipients need not worry so much about matching anymore.

During rejection, the human immune system tries to destroy transplanted organs as though they were invading disease organisms. Two powerful new immunosuppressant drugs not yet on the market are Syntex Corp.'s RS 61443, and FK 506, developed by Japan's Fujisawa Pharmaceutical. FK 506 is 50 to 100 times more potent in controlling transplant tissue rejection than Sandoz Ltd.'s cyclosporine, the immunosuppressant whose approval in 1983 ushered in the modern era of transplantation.

Transplant patients must take immunosuppressant drugs like cyclosporine for the rest of their lives. A year's supply of cyclosporine A costs between $3,000 and $7,000. Eventually, the experimental drugs are expected both to lower the cost of cyclosporine and to increase further the likelihood of a transplant's success.

Waiting for an organ

The good news is that 1,673 heart transplants were performed last year; the bad news is that another 1,598 patients are still waiting for a heart. While the supply of donors remains relatively constant, the waiting lists for major transplantable organs keep growing. A lot of potential recipients will die before they get to the operating room.

	Waiting list 4/30/90	% increase since Oct 1987	Transplants in 1989
Kidney	17,163	56%	8,886
Heart	1,598	167	1,673
Liver	975	137	2,160
Lung	138	885	89
Pancreas	335	885	412
Heart/lung	257	84	70

Source: United Network for Organ Sharing.

Technology is enabling doctors to keep organs longer outside the human body. A new preservation solution, Viaspan, developed by Dr. Folkert Belzer and James Southard at the University of Wisconsin and now marketed by Du Pont, will let a donated organ be shipped safely for longer distances than ever before. Previously, livers could be preserved for only 8 hours; now they can be preserved for up to 32 hours. Clinical trials indicate that hearts can be preserved 12 hours instead of 4. And with kidneys, Viaspan has shown a 30% reduction in the need for dialysis after a transplant.

One of the most recent examples of the extraordinarily difficult ethical questions raised by advances in transplant technology is the case of baby Marissa Ayala, who was conceived expressly to provide life-saving bone marrow for her sister Anissa. Anissa, 17, suffers from leukemia and needs a marrow transplant to survive. Unfortunately, no suitable donors have been found. Since a sibling's marrow has a one-in-four chance of matching Anissa's, her 43-year-old mother Mary Ayala decided to become pregnant. Last month Marissa was born, and her tissue does match. Once the baby is almost six months old, she will be able to donate marrow and possibly save her sister's life. Will anybody ask the baby?

The Ayala case is not unique. Bioethicist Arthur Caplan of the Uni-

Behind the "baby parts" story

Despite glasnost, the Soviets still indulge in the occasional disinformation campaign against the U.S. Perhaps none is quite so bizarre as the many allegations in *Pravda, Izvestia* and Tass news releases that Americans are importing Latin American children and using their body parts for organ transplants.

Charges of trafficking in "baby parts" first appeared in Honduras in January 1987. Since then the story has been reported by newspapers, radio and television in more than 50 countries. The original source of the story was Leonardo Villeda Bermudez, former Secretary General of the Honduran Committee for Social Welfare. On Honduran television he said: "Several years ago, some social workers told me that foreign parents were coming to adopt children. . . . And what would happen? These children would be taken to be sold for parts."

When questioned by other reporters later, however, Villeda Bermudez repudiated his statements, saying that he had merely heard unconfirmed rumors. Officials of the Honduran Social Welfare Committee emphatically denied that any trafficking in babies for organ transplants had occurred.

But the following April, *Pravda* revived the story that thousands of Honduran children had been sent to the U.S. to be used as organ donors for children from rich families. *Pravda*'s story was picked up by several Indian newspapers and by the French Communist Party's *L'Humanité* under the headline: "Child's Heart for Sale: Children in Honduras, Guatemala and El Salvador Abducted and Sold to Secret Laboratories in the United States."

Another story, published in July in *Izvestia*, claimed that Guatemalan children were being butchered by American doctors "for saving U.S. children." The story was picked up in the media in Switzerland, the Dominican Republic, the Netherlands and Canada.

By mid-1987, leftist members of the European Parliament were questioning the European Community Commission about whether Third World children had been used as sources of replacement organs.

The State Department, the FBI, United Network for Organ Sharing, the Surgeon General and a variety of foreign organizations have all investigated these rumors and found nothing to support them. Why, then, is the "baby parts" story so widely reported? Todd Leventhal, the policy officer on Soviet Disinformation in the U.S. Information Agency, hazards a guess: "Advances in organ transplantation combined with social anxieties about transplantation contribute to the public's receptivity to this myth."—**R.B.**

Science & Technology

versity of Minnesota says he knows of at least 30 cases of children conceived to supply marrow to their siblings.

Why is it perfectly legal to sell so-called soft tissues like blood and semen in the U.S. *(see box, p. 368)*, but illegal to sell fetal tissue, bone marrow, corneas or solid organs outright for transplant?

As is usual with difficult moral questions, decision making is passing by default to the courts. In 1988 the California Court of Appeals ruled that a patient has a property interest in his cells. It did not rule on whether the patient was entitled to compensation and it refrained from legalizing free trade in body parts.

The patient, John Moore, had his malignant spleen removed. His physician at the University of California at Los Angeles found that cells from his spleen produced a protein that was effective in fighting a kind of leukemia. Moore asserted that the doctor profited by selling a cell line cultured from Moore's cells to Genetics Institute, a Boston biotech firm, and its partner, Sandoz. Genetics Institute appealed the appeals court ruling. A hearing was held last month before the California Supreme Court, and the case is still pending.

Should transplantable hearts, kidneys, bone marrow and other organs be treated by the law similarly to the way blood is treated? Despite the extraordinary success of the Red Cross in producing voluntary blood donations, it is easy to forget that there is still a successful—and safe—commercial plasma industry in this country. Plasma is also a source of export income. The U.S. supplies 60% of the world's $2-billion-per-year plasma market. Countries relying solely on voluntary blood collections, such as Britain and Japan, must import commercial American plasma in order to overcome their shortages.

Increasing the supply of blood plasma through a combination of voluntary and commercial means may point the way for increasing the supply of transplant organs. The current system, relying as it does exclusively on altruism, is unable to end the shortage. It is time for the transplantation community, policymakers and the public at large to consider seriously proposals that will invest private property rights in cadaver donors' families and, in the case of bone marrow and perhaps livers and kidneys, in the donors themselves.

Dr. J. Wesley Alexander, a transplant surgeon who chairs the United Network for Organ Sharing donations committee, says, "I think that when push comes to shove, the public has to make a decision as to whether they would rather see people die on dialysis while leading a fairly unsatisfactory life . . . or to allow the buying and selling of human organs." It is an excruciatingly difficult decision, like most thrown up by modern medicine's miracle workers. ■

Pam Francis

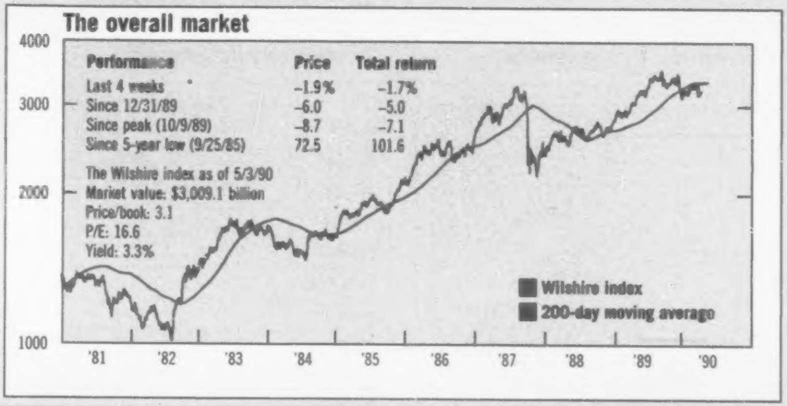
Baylor's H. Tristam Engelhardt Jr.
Legalize—and regulate—organ sales.

The Forbes Wall Street Review

Edited by Eric S. Hardy

Capital goods stocks will lead the market in the early 1990s, according to Robert Farrell, Merrill Lynch's chief market analyst. That's a change from the previous decade, in which consumer and finance issues were strong. Farrell believes there will be a fundamental, long-term shift in spending patterns that will benefit such areas as the energy industry, capital goods manufacturers and selected technology firms that have a special niche in their market. Nevertheless, he's holding off on buying such issues because he is pessimistic about the market's short-term prospects. He thinks that another downturn similar to or even more severe than January's correction is coming. Farrell cites the recent excitement about the $3.2 billion net inflow into equity mutual funds in March. "This may be a bad omen. We were seeing the same kinds of numbers just before the market topped out back in 1987," he says.

Stocks posted moderate losses in the last two weeks. The Wilshire index of 6,000 securities has a total return (capital appreciation and depreciation, plus dividends) of –5% so far this year. Average daily trading volume on the New York Stock Exchange declined for the third straight month in April, to just 140 million shares. About the most excitement in the last two weeks came from American General, which rose 26% after its board put the company up for sale.



The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
American General	47¾	26%	14	8,350	2.2
Adolph Coors	22⅝	21	16	3,198	4.0
Storage Technology	26¼	20	19	3,345	1.7
Norton	88⅞	19	24	10,440	2.3
US HealthCare Systems	13⅞	17	23	4,664	1.4

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Handleman	13¾	–24%	10	1,665	2.3
DSC Communications	10⅞	–22	13	7,915	1.9
Echo Bay Mines	12⅝	–20	NM	3,621	0.8
Black & Decker	13½	–19	NA	4,859	1.6
Illinois Power	15⅝	–17	NM	4,888	3.0

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,215.27	–1.9%
Wilshire index 6,000 stocks, equal weighted	20.87	–0.6
Dow Jones Industrials 30 stocks, divisor-adjusted price average	2,696.17	–0.6
S&P 500 Capitalization weighted cross section, major stocks	335.57	–0.7
NYSE Capitalization weighted, all listed common stocks	183.57	–0.9
Amex Capitalization weighted total return: stocks, warrants	344.97	–0.9
Nasdaq Capitalization weighted, all issues except warrants	425.44	–0.8
Amex international market index Capitalization weighted, 50 largest ADRs	293.74	–1.1

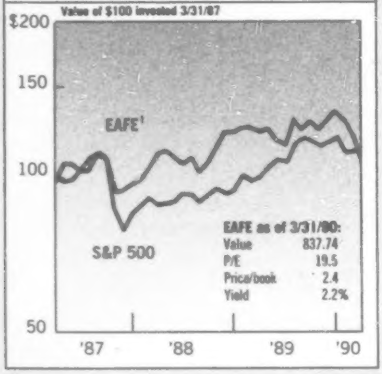
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	849.10	–0.3%
Institutional[5] Approximately 200 stocks with high institutional ownership	110.98	0.5
Individual[5] Approximately 200 stocks with low institutional ownership	101.25	–0.2
Russell 2000 index 2000 stocks with small market values, capitalization weighted	159.72	–1.9
Gold[6] (composite quote of 6 major dealers)	$370.30	–1.6
Yen[6] (per $U.S.)	158.15	0.6
Commodity index[6] (CRB futures index, 1967 = 100)	245.89	1.2
Oil[6] (W Texas Intermediate)	$18.00	–0.3
T bills[6] (90 days)	7.84%	8 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 5/3/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Average daily volume over a 2-week period. [3] Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4] Morgan Stanley Capital International Perspective. [5] For period ending 5/4/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6] Knight-Ridder Financial Information. [7] A basis point is equal to one-hundredth of a percentage point. NA: Not applicable. NM: Not meaningful.

World Markets Review

Edited by Gustavo Lombo

Foreign vs. U.S. markets



Developed markets

Market	Total return[2] 3 months	Total return[2] 12 months	P/E
Austria	46%	162%	64
Norway	20	40	15
Germany	11	73	19
Denmark	8	57	16
Hong Kong	7	3	10
Japan	–32	–30	39
Spain	–16	–6	11
New Zealand	–15	–8	13
Australia	–10	4	11
Sweden	–9	9	14

Emerging markets

Region	Total return[2] 3 months	Total return[2] 12 months	P/E
Asia	3%	26%	NA
Latin America	–19	5	NA

Country	Total return[2] 3 months	Total return[2] 12 months	P/E
Venezuela	56%	11%	10
Greece	29	158	32
Turkey	24	NM	25
Brazil	–50	–50	6
Argentina	–37	100	7
Colombia	–16	–10	9

Japan's market collapse is very visible in the chart above, which shows the performance of foreign stocks during the first quarter. The Nikkei index fell 23% in yen and 30% in dollars in the first three months of 1990. This is about $1.2 trillion, nearly the combined market capitalization of British and German stocks. (The Nikkei leveled off in April, with a 0.4% drop to 29,855.) The Japanese market carries almost a fourth of the weighting in Morgan Stanley's EAFE indicator, a capitalization-weighted index of 1,130 companies in Europe, Australia, New Zealand and the Far East. The EAFE shows a first-quarter loss of 20% in dollar terms. By comparison, the Standard & Poor's 500 fell 4%.

The tiny Austrian market, which should benefit from the reconstruction of Eastern Europe, had a three-month total return (in dollars) of 46%. In Latin America, Venezuelan stocks rebounded sharply in the first three months. But Brazil, the largest market in this region ($27 billion in capitalization), had a total return of –50%.

Who's Hot

Company/country	Business	Price	3-month price change	P/E
Austrian Airlines/Austria	airlines	438⅞	79%	26
Preussag/Germany	multicompany	288	58	35
Hochtief/Germany	construction	839	38	60
Veitscher Magnesit/Austria	metals	122¼	30	43
Nuevo Pignone/Italy	machinery	5½	24	24

Who's Not

Company/country	Business	Price	3-month price change	P/E
Nissho Iwai/Japan	trading	4	–55%	32
Nippon Oil/Japan	energy	6⅛	–49	45
Calor Group/UK	energy	4¼	–37	20
Banco E de Credito/Spain	banking	30	–34	13
Volvo/Sweden	automotive	9⅞	–19	6

Cheap Foreign Stocks

Company/country	Business	Price	Earnings	P/E
Peugeot SA/France	automotive	148	$32.10	5
Solvay/Belgium	chemicals	308½	63.60	6
Hunter Douglas/Netherlands	multicompany	50⅝	6.00	8
Valeo/France	ind components	117¼	13.40	9
Ver Machine/Netherlands	machinery	26	2.19	12

High-Yielding Foreign Stocks

Company/country	Business	Price	Yield	P/E
Gen Property Trust/Australia	real estate	2	10.1%	11
Unerg/Belgium	utility	71¼	8.5	8
Canadian Pac Forest/Canada	bldg materials	30¼	7.4	7
Algemene Bank/Netherlands	banking	20¾	7.3	8
Hong Kong Elec/Hong Kong	utility	1¼	6.7	10

Note: All data for period ending 3/31/90. Selected stocks have a market capitalization of at least $300 million. [1]EAFE is a price return index of European, Australian, New Zealand and Far Eastern stocks converted into U.S. dollars. [2]Performance numbers reflect both local price change and currency fluctuation. Dividends are reinvested after subtracting foreign withholding tax. NA: Not applicable. NM: Not meaningful. Principal source: Morgan Stanley Capital International Perspective. Emerging markets data provided by International Finance Corporation.

NUCLEAR POWER: THE ENVIRONMENTALISTS' BEST FRIEND?

WHY TOYOTA IS HOT

HOW MERV GRIFFIN GOT TAKEN IN ATLANTIC CITY

JUNE 11, 1990

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THE BRAT MARKET

The new big spenders are 4-to-12-year-olds—with $75 billion jingling in their pockets

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Forbes

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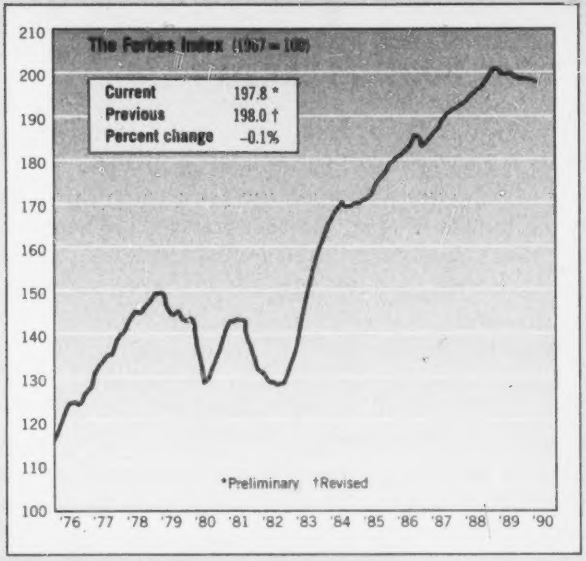
The Forbes Index



The government revised or restated several Forbes Index components. The February and March figures for new housing starts were revised upward. The Forbes Index now shows a minor drop in the first three months of 1990 and it is likely to show a decline for April as well; the preliminary number is down 0.1%. Industrial production fell 0.4% in April. Inflation appears to have leveled off after running at an 8.5% annual rate in the first quarter. Consumer prices are now 4.7% higher than they were a year ago *(see chart of inflation and oond yields, p. 226).*

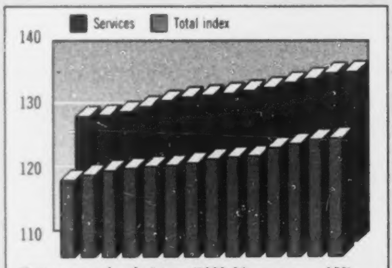
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	–3.6%
Index of leading indicators March vs. February	Dept of Commerce	0.9%
Trade balance last 12 months ending March 1990	Dept of Commerce	–$95 bil
Producer price index April vs. 1989[2]	Dept of Labor	3.5%
GNP 1st quarter vs. 4th—annualized growth	Dept of Commerce	2.1%
NBER Experimental Recession Index[3]	Natl Bureau of Economic Research	5.0%

[1] U.S.- based manufacturers, excludes imports, as of 5/10/90. [2] Finished goods. [3] March 1990.

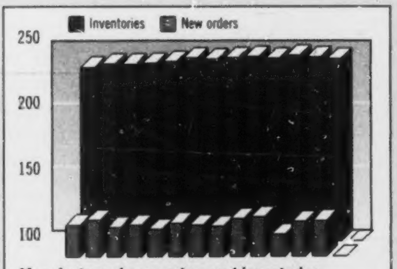
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

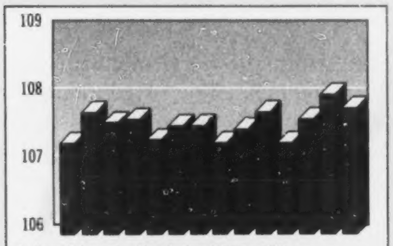
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



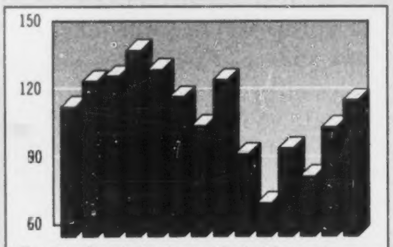
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



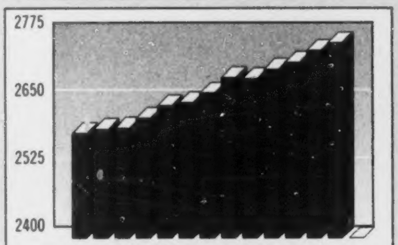
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



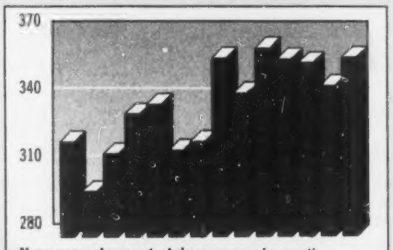
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



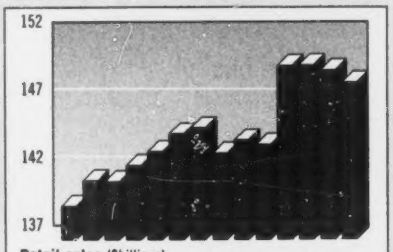
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



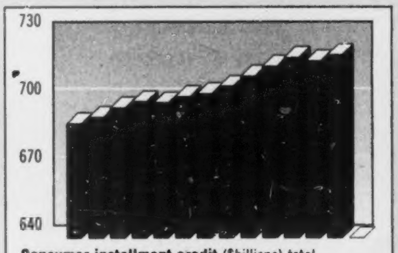
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

M A M J J A S O N D J F M A
1989 1990

M A M J J A S O N D J F M A
1989 1990

M A M J J A S O N D J F M A
1989 1990

The Forbes Wall Street Review

Edited by Eric S. Hardy

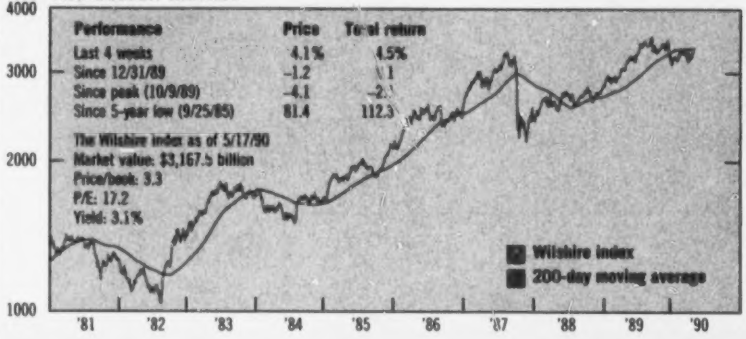
Has the turnaround in small stocks finally arrived? William LeFevre, a market strategist at Advest who specializes in the other end of the market—the 30 Dow industrials—says there is at last some evidence that secondary issues are performing as well as big stocks. For the two weeks ended May 17, the Dow, NYSE composite, Nasdaq and Wilshire index all rose 5%.

This is quite a change from the general tenor of the market for most of the 1980s, when big-capitalization stocks did spectacularly well and small caps didn't. In May the Dow hit a record high and now the overall market appears to be catching up. According to LeFevre, the improvement in secondary stocks is actually part of a trend that started well before May. That's quite a concession from someone whose livelihood is based on big stocks.

Smith Barney's John Hoffmann, who follows emerging growth stocks, is encouraged about strength in high-technology issues and thinks this may be a sign that small-cap stocks are coming to life. Among his current favorites are Pyramid Technology, Altera and Agency Rent-A-Car.

If you want to stick with blue chips, LeFevre recommends Eastman Kodak. "Now that the Dow has broken out of its trading range, Kodak continues to be one of the few stocks being left behind," he says.

The overall market[1]



The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Pinnacle West Capital	16⅛	28%	15	1,307	1.5
Advanced Micro Devices	10½	22	22	8,130	2.1
Medco Containment Services	22½	22	NM	5,401	1.6
Sun Microsystems	29¾	21	63	23,876	1.7
Golden West Financial	31	21	12	1,302	1.0

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Holnam	4⅝	–21%	51	147	2.6
Hanover Insurance	23	–18	6	666	4.7
Hechinger	13¼	–9	13	39	1.1
Wang Labs	4⅛	–8	NM	2,046	9.8
Unisys	13⅜	–8	NM	6,627	1.1

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 5,000 stocks, capitalization weighted	3,379.58	5.1%
Wilshire index 5,000 stocks, equal weighted	21.33	2.5
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,831.71	5.0
S&P 500 Capitalization weighted cross section, major stocks	354.47	5.6
NYSE Capitalization weighted, all listed common stocks	193.49	5.2
Amex Capitalization weighted total return: stocks, warrants	354.38	2.9
Nasdaq Capitalization weighted, all issues except warrants	445.74	4.8
Amex international market index Capitalization weighted, 50 largest ADRs	314.33	7.0

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	912.00	7.4%
Institutional[5] Approximately 200 stocks with high institutional ownership	116.00	4.5
Individual[5] Approximately 200 stocks with low institutional ownership	102.94	1.7
Russell 2000 index 2000 stocks with small market values, capitalization weighted	164.91	3.2
Gold[6] (composite quote of 6 major dealers)	$369.70	–0.2
Yen[6] (per $U.S.)	152.28	–3.7
Commodity index[6] (CRB futures index, 1967 = 100)	246.89	0.4
Oil[6] (W Texas intermediate)	$18.85	4.7
T bills[6] (90 days)	7.65%	–19 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 5/17/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Average daily volume over a 2-week period. [3]Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4]Morgan Stanley Capital International Perspective. [5]For period ending 5/18/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6]Knight-Ridder Financial Information. [7]A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

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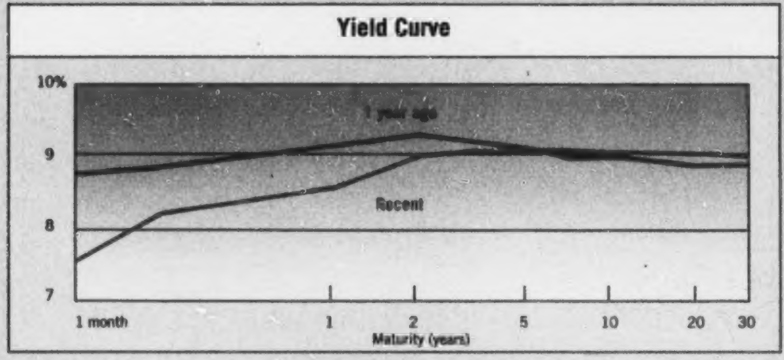
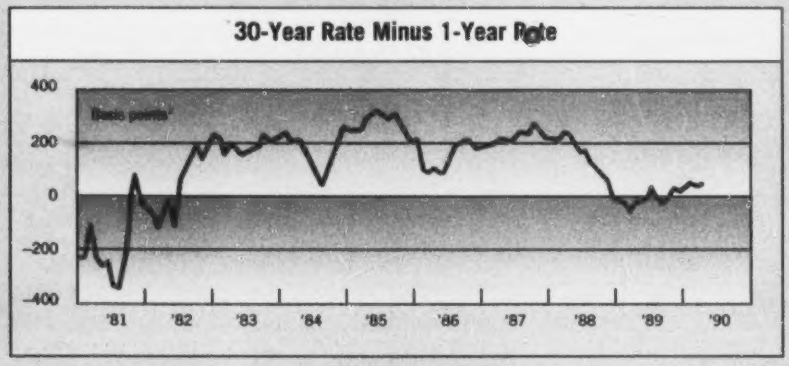
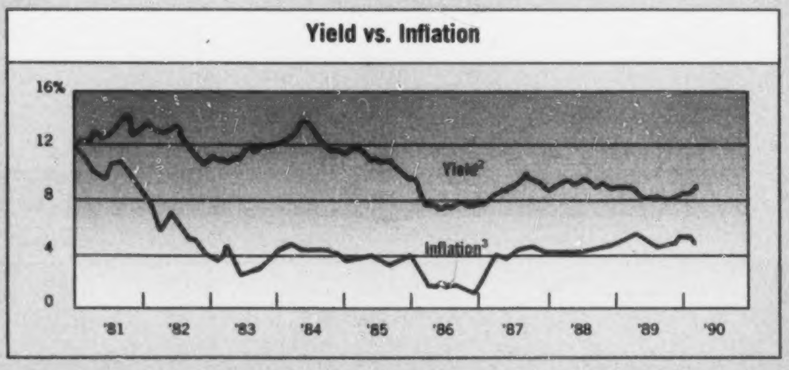
Fixed Income Review

Edited by Eric S. Hardy


Yield Curve


30-Year Rate Minus 1-Year Rate


Yield vs. Inflation

Spread over Treasurys

Security	Basis points[1]
AA corporates	88
AAA industrials	81
Ginnie Maes	115
Junk corporates[4]	773
Municipals[5]	–145

Total returns

Security	1 year[6]	3 years[6,7]
AAA corporates	8.2%	8.3%
Ginnie Maes[5]	10.9	9.4
Junk corporates[4]	–3.2	4.9
Municipals[5]	7.2	8.3
Treasury bonds	8.4	7.4

The *Bond Buyer* reports that during the first quarter $25 billion in long-term municipal debt (maturities 13 months and over) was sold, off 3.4% from the comparable 1989 quarter. Short-term tax-free bonds have experienced an even sharper decline. Securities Data Co. reports that corporations also aren't selling as much debt as they did a year ago.

This apparent reduction in the demand for credit would create a wonderful interest rate environment if only the federal government were also issuing less debt. But the Treasury's demand for fresh cash resulted in a $99 billion increase in the amount of Treasury bonds, notes and bills outstanding during the first quarter, versus $57 billion for the year-ago period. The credit markets have been absorbing this debt remarkably well. The yield on 30-year Treasurys, which shot up during April, has settled back down to a range of 8.5% to 8.8%.

The junk corporate market has had more than its share of recent volatility, and it has been written off by many investors. This is probably an overreaction. "Just because Drexel Burnham collapsed doesn't mean the whole high-yield market went with it," says Merrill Lynch managing director Martin Fridson. "Despite the decline in high-yield bond funds in 1989, the Merrill Lynch index of high-yield bonds shows an average annual total return of 13% [from 1980 through 1989], which easily exceeds the return on Treasurys," says Fridson, adding that higher rates more than compensate for the possibility of additional defaults. He recommends that investors interested in junk debt should invest in high-yield mutual funds rather than individual issues.

In some ways, recent turmoil in less-than-investment-grade bonds has benefited stronger junk issuers. Because the whole market was dragged down, some companies with excess cash have been buying up their own debt in the secondary market. It's the bond equivalent of share buy-backs. If you can borrow at 13% from a bank to repay a bond yielding 18% to maturity, you come out ahead. The accounting rules say the borrower can report the difference between face value and actual retirement cost as income.

Note: Except where footnoted, all information provided by Berkeley, Calif.-based Barra, a financial consulting firm. [1] A basis point is equal to one-hundredth of a percentage point. [2] Yield on ten-year Treasurys. [3] The trailing 12-month increase in the Consumer Price Index, through 4/30/90. [4] Source: First Boston. [5] Source: Shearson Lehman Hutton. [6] Through 4/30/90. [7] Three-year total return, annualized.

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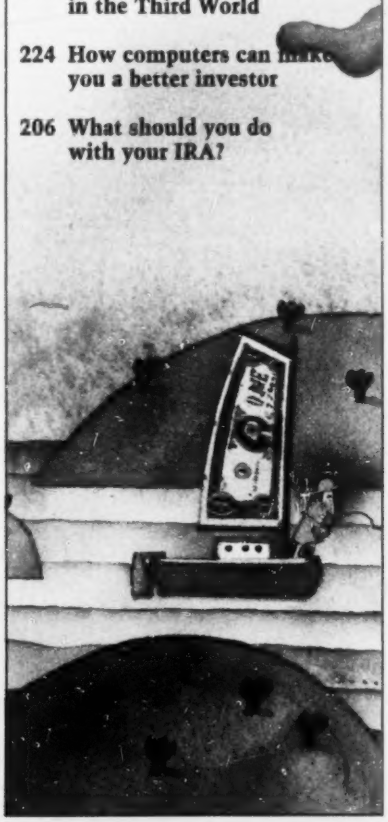

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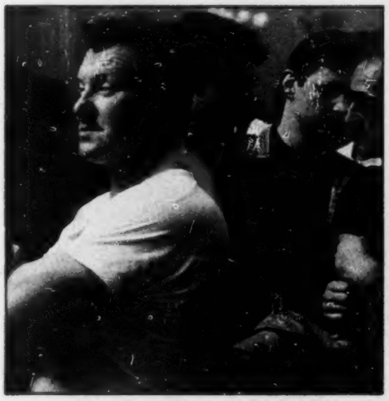

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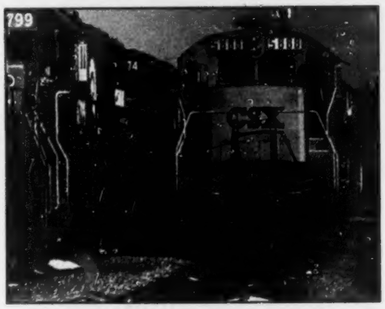

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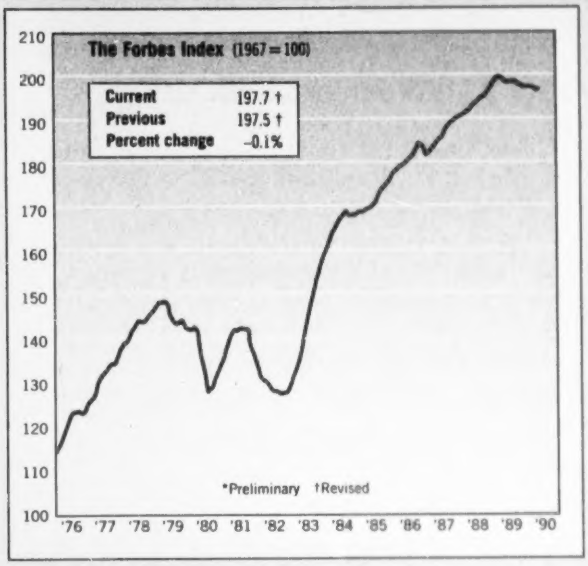
The Forbes Index



The government reduced its estimate of first-quarter growth in the economy from 2.1% (annualized) to 1.3%. The revised GNP figure is more in line with the sluggish performance of the Forbes Index. The preliminary April figure shows the Index at the same level it was at in December 1989. The manufacturing sector continued to have its problems, as manufacturers' new orders slipped 4.3% from March to April while inventories crept up 0.4%. Personal income rose 0.7% over the revised March figure and now stands at $2.78 trillion.

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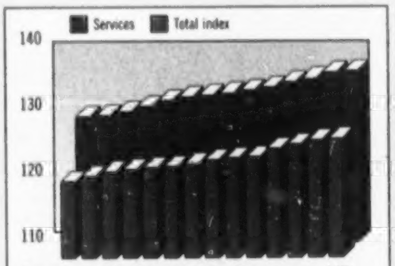
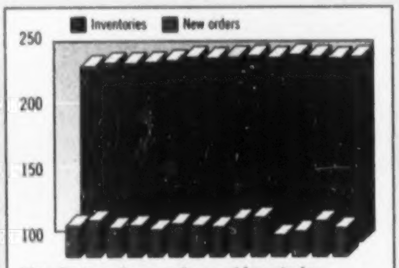
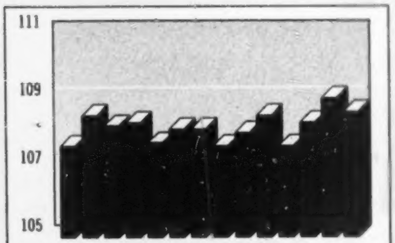


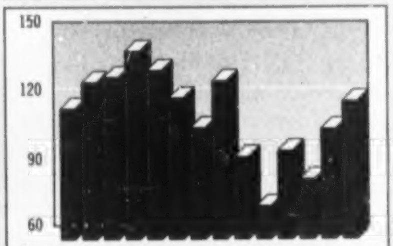
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



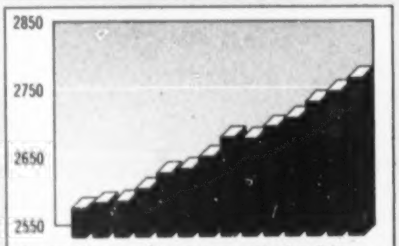
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



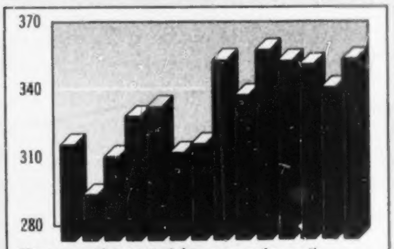
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



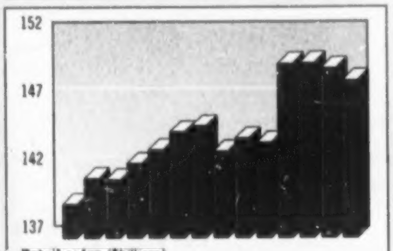
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



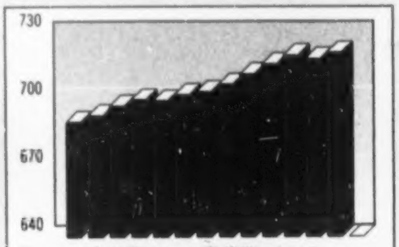
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



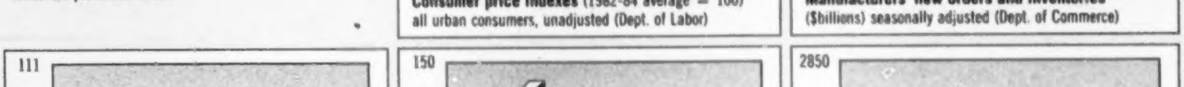
New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



brokerage firms have booklets explaining the mathematics of foreign currency options.

Foreign currency bank accounts. Last December the Federal Reserve Board decided to allow U.S. citizens to open accounts denominated in foreign currencies at U.S. banks. Many banks have always offered offshore currency accounts for high-balance customers. But foreign currency accounts in the U.S. are so new that it's hard to find a bank that wants to do it at a competitive price for a small sum (say, $10,000). Both BankAmerica and Security Pacific Bank, for example, do it only for corporate customers.

Of the four methods, which is best? For someone with more than $100,000, the futures transaction is likely to be the most efficient. For investors of smaller means, an option or fund is the only reasonable choice. Foreign currency bank accounts are still in their infancy, so it's still hard for the comparison shopper to get a good deal on one. ■

There are any number of great reasons to take a foreign assignment. Tax considerations are not among them.

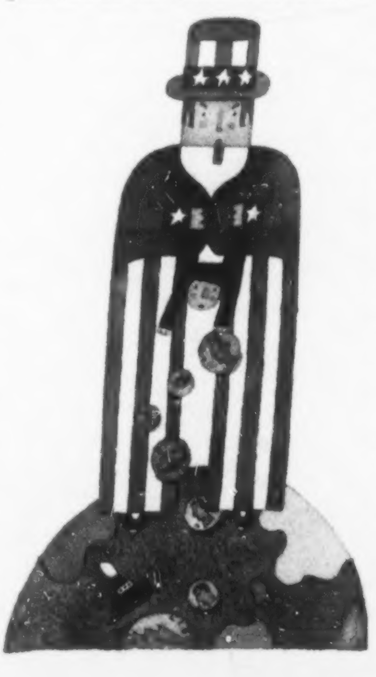
Maybe you'd better stay home

By John Marcom Jr.

LET'S SAY you're married, have two children, live in a Miami suburb and enjoy substantial income from an investment portfolio. Your boss offers you an attractive job: running the company's European marketing operations, from London. Visions of 1992 opportunities—not to mention long weekends in the Loire valley—dance through your head. Not least of the attractions, your salary will jump 50%, to $300,000.

There are many good reasons for accepting a foreign assignment, but the financial consideration is not one of them. Given the complexity and lack of equity involved in moving between different countries' tax systems, it's quite possible that a new American expatriate will find himself or herself financially worse off after the big promotion.

Relocating overseas subjects you to the tax systems of at least two nations: your own and that of your new country of residence. Alone among major developed nations, the U.S. maintains that it is entitled to taxes from all its citizens, wherever they live and earn their money. Virtually all other countries, by contrast, tax residents but not citizens living overseas. Taxing on the basis of citizenship rather than residence, says Walter Meisenkothen, a London-based partner of Arthur Andersen & Co., "puts America at a tremendous disadvantage." Further complications arise from the fact that the Reagan tax revolution has not penetrated very deeply into the tax codes of many foreign countries—in other words, most foreign systems have higher rates, as well as far fewer deductions, than the U.S. code does.



Under the U.S. tax code, up to $70,000 a year in wages earned by Americans abroad is tax free. The Internal Revenue Service also allows a partial credit against U.S. taxes for foreign income taxes paid. But these benefits fall far short of relieving taxpayers from all of the tax costs of a foreign transfer. Among the problems expatriates confront:

- Some countries, notably Germany and Canada, will nail you for taxes at very high rates on portfolio income, even if that income is left on deposit in the U.S. Many employers' tax equalization plans—a basic document for any employee considering a foreign posting—promise to make transferees whole for higher foreign taxes. But the tax equalization plans typically won't cover the additional taxes on significant amounts of investment income, warns Samuel Russo, a partner and international tax expert at KPMG Peat Marwick in New York.
- Many corporations promising to make their transferees whole on taxes do it by maintaining a certain level of take-home pay. For this purpose they may assume that if you had stayed home you would have had to pay state and city taxes at the rate in effect in the corporation's headquarters city. If the home office is in New York City, you'll in effect pay phantom local taxes at stiff rates—even if you were living in a low-tax state like Texas before the transfer.
- An employee who dies while abroad may subject his family to a double dose of estate taxes.

As it happens, when it comes to taxing foreign nationals, Britain is one of the world's more civilized nations. Her Majesty does not tax noncitizens on portfolio income unless that income is remitted into the U.K. As for salary income, the U.K.'s top rate of about 40% is one of the lowest outside the U.S., though there are few deductions. The interest on only the first $50,000 of a mortgage, for example, is deductible. (The mortgage interest limitation and the penalties on bringing capital into the U.K.—plus the risk of foreign exchange rate shifts—explain why most American expatriates prefer to rent, not buy, homes in the U.K. Those who do buy borrow as much of the purchase price as possible, in sterling; several banks in London have created a nice specialty in such financings.)

How will you do, financially speaking, if you take the proffered London job? The computations involved in filing your U.S. and U.K. returns are so complex that we'll omit the details and merely suggest that you get one or a few of the good booklets on foreign taxation of U.S. citizens put out by the big accounting firms. KPMG Peat Marwick, for example, puts out a 266-page book, *Taxation of International Executives*, that gives a good overview of the problems you'll have with an overseas transfer. The other big accounting firms also have foreign tax guides for prospective clients.

Here's roughly how your tax picture will look assuming your new salary is $300,000 and you have $100,000 in investment income (and assuming no significant deductions):

Britain will not tax your investment income but will tax your salary, at an effective rate of 37%. Conversely, the foreign tax credit will probably wipe out almost all U.S. tax on the salary. (In this example, the $70,000 exclusion doesn't bring any additional benefit.) But your investment income will be fully taxed in the U.S.

Add it all up, and your combined U.S./U.K. tax bill will come to $139,000, leaving you with take-home income of $261,000. Had you stayed home at your old salary, the taxes on your salary and investment income would have been around $84,000, for take-home income of $216,000. So of your $100,000 raise for moving to London, only $45,000 ends up in your pocket, thanks to the vagaries of foreign taxation. That's a marginal tax rate of 55%.

Against that $45,000 aftertax increase are some very high living expenses. This year the British government added a "poll tax," in effect a per-adult charge for local services. In Chelsea, a good London neighborhood where many Americans choose to live, the poll tax is about $1,300 for a couple. The IRS says this tax can't be credited against U.S. income taxes because it's not an income or a property tax.

Housing is exorbitantly expensive. A typical three-bedroom flat in central London might rent for $2,700 a month, and a suburban London house as spacious and up-to-date as the one you're leaving behind in Florida would cost double that to rent. You may also be leaving behind good public schools, so figure $8,000 a year per child, minimum, for an American-type private school.

Big bites abroad

Few foreign governments shared the U.S.' enthusiasm for cutting tax rates during the Eighties, as this table shows.

Country	Maximum tax rate	For income above[1]
Belgium	55%	$63,600
France	57	84,400[2]
Germany	53	142,800[2]
Hong Kong	15	0
Japan	65	133,600[3]
Netherlands	60	44,500
United Kingdom	40	36,700

[1] Tax bracket thresholds converted to dollars at May 25 rates. [2] Married taxpayer. [3] Includes local inhabitants' tax.

Source: KPMG Peat Marwick.

These and other extra expenses can, and should, be worked out with your employer in advance. But in doing so, remember that the tax collector usually construes company-paid housing and education as income for the foreign employee.

What if you sell your Florida house for a $150,000 capital gain? Because you are overseas, the IRS will allow you four years to roll over the gain to a new home. (If you don't buy another home within the four years, you file an amended return for the year you sold the old one, and pay extra tax and a lot of interest.)

As for your investment portfolio, you are well advised to bring none of the interest and dividend income into the U.K., lest it be subjected to Britain's harsher 40% tax rate. As our example above assumes, interest and dividends will be taxed in the U.S. at the usual rates.

Stock options? The tax treatment of U.S. expatriates who exercise their options while abroad is too complicated to even consider here. Suffice it to say that there is a real danger of double taxation in some countries.

When you pick up a London newspaper you will discover whole finance sections full of ads for alluringly exotic instruments: Personal Equity Plans, Far Eastern investment trusts, tax-subsidized savings schemes. Even a British bank deposit, at 15%, might look pretty good. Be wary. Chances are that many of the instruments won't look so good after the combined effects of U.K. taxes, U.S. taxes and exchange-rate swings are considered. Some kinds of foreign investment funds trigger complex U.S. rules governing passive foreign investment companies. The profit on the fund might not pay the higher bill you'll get from your tax accountant to wade through the mess.

It's easy enough to park a deposit in a Channel Islands bank in a sterling account and earn 15% interest; and even after 28% U.S. tax, the return might still look a lot better than U.S. CD rates of around 8%. (The interest, again, would be taxable in the U.K. only if remitted to the U.K.) But remember: Sterling interest rates are high for good economic reason. The sterling inflation rate is creeping near the 10% mark this year, and the value of the currency has been sliding steadily in recent years against stronger European currencies like the German mark or French franc.

A few years from now you will face even more complicated questions if you stay in Britain. Eventually your residency status in the U.K. will change and the U.K. will start to tax some or all of the interest and dividends you earn outside Britain. After five years you and your employer will probably stop paying U.S. Social Security tax and pay the U.K. equivalent instead.

The potential financial headaches involved in an overseas move are endless. How will state and local taxes affect the picture? Who's to pay for moving expenses, home visits, uninsured medical expenses—and enough accountants' time to minimize the tax bite on it all? No doubt about it, a foreign assignment has many things to recommend it. Finances are not one of them. ■

International Investing

The Third World is hot and Eastern Europe is hot. But what is the best way to get in? It's foolish to pay a premium to get in when there are discount entrances.

How to buy the Third World

By Marcia Berss

DO YOU WANT to buy a piece of Thailand's rapidly expanding economy? Wall Street is happy to oblige. It will serve up the Thai Fund, a hot item on the New York Stock Exchange recently trading at a 10% premium to the value of the stocks in it.

If you want Thai stocks a lot cheaper, however, you will pass up that fund and go to London. There the Thai Euro Fund is available at a 20% discount to its net asset value.

There are other discrepancies like this one. The Chile Fund goes for a 7% premium on the NYSE, while the GT Chile Growth Fund languishes at a 17% discount in London. Half a dozen other closed-end Third World funds trade at smaller premiums, or fatter discounts, in other markets than they do in New York. What gives? Evidently U.S. investors who think they are international sophisticates have failed to make the most elementary inspection of international markets.

Wall Street has always had this in common with Seventh Avenue: It is intensely responsive to fads. Mutual funds investing in emerging economies are hitting the U.S. stock market as fast as socialist governments are falling. The latest arrival: Merrill Lynch's Thai Capital Fund, on May 22. There are at least four new funds dangling riches from Eastern Europe and sporting names like New Europe Fund and Future Germany Fund. Also, in the last year the pool of developing country funds almost doubled, as U.S. investors plunked dollars into backwaters like Turkey, Indonesia and the Philippines. You don't need to be a cynic about the brokerage industry to predict that a Czech Fund and a Poland Fund are around the corner.

Next to all the newcomers in this line of work, David Fisher, 50, is a grizzled veteran. As president of Capital Group International, a Los Angeles-based part of $50 billion (assets) Capital Group, Fisher was hired in 1986 by World Bank subsidiary International Finance Corp. to invest money in Third World stock markets. Fisher had great trouble getting his first $50 million (all from institutions) for the project, but the accounts are pouring in now. His core Emerging Markets Growth Fund, now accounting for $500 million of the $900 million his group manages, has had a compound annual total return of about 40% since startup.

With those results, Fisher can't help being a bull. "I am a believer that, when viewed in total, Third World countries will grow faster than the rest of the world," he says. "They are an attractive value." But he says individuals should resist the impulse to buy single country closed-end funds, the usual means of entry, especially when the funds are trading at fat premiums to their net asset values. Fisher explains: "If you have a fund

Chuck Potter

Capital Group International's David Fisher
"What do you do when you don't like Thailand?"

What do they know that you don't?

Thanks to America's infatuation with foreign investing, single country closed-end funds listed in the U.S. almost invariably trade at a higher premium or a lower discount than comparable funds listed overseas.

Fund/where traded	Assets[1] ($mil)	Date started	% premium (+) or discount (–) to net asset value[2]	Fund/where traded	Assets[1] ($mil)	Date started	% premium (+) or discount (–) to net asset value[2]
Chile/NYSE	$92.3	Oct 1989	6.8%	GT Chile Growth/London	$100.0	Feb 1990	–17.2%
India Growth/NYSE	63.7	Aug 1988	14.0	India/London	335.7	July 1986	9.6
Indonesia/NYSE	64.0	Mar 1990	13.5	Jakarta/London	23.4	Aug 1989	–10.0
Korea/NYSE	364.0	Aug 1984	18.0	Korea Growth Trust/Hong Kong	120.6	Mar 1985	4.3
Malaysia/NYSE	101.9	May 1987	14.0	Malacca/London	58.8	Jan 1989	0.3
First Philippine/NYSE	100.6	Nov 1989	–17.6	Manila/London	46.0	Oct 1989	–29.7
Portugal/NYSE	69.4	Nov 1989	–4.7	Oporto Growth/London	33.2	May 1988	–10.1
Taiwan/NYSE	99.3	Dec 1986	–19.7	Taipei/London	83.2	May 1986	–1.9
Thai/NYSE	177.7	Feb 1988	10.0	Thai Euro/London	152.3	May 1988	–19.9

[1] As of 3/31/90. [2] As of 4/30/90.

Sources: International Finance Corp.; Lipper Analytical Securities Corp.

investing in Thailand, you don't have much flexibility. The environment in which you decide you no longer like Thailand is probably the environment in which the fund is selling at a significant discount. The environment where you really like Thailand is when it sells at a premium. That's been the history of closed-end funds. So I've always had a preference for diversification."

Significantly, so does the doyen of international investing, John Templeton. His Templeton Emerging Markets Fund (available on the Big Board at an 11% discount) is the only diversified Third World fund available to the general public, with holdings in Asia, Latin America and the Middle East. There are regional funds investing in Asia and a soon-to-be-public Latin America fund. Building diversification by investing in each country fund is an option, but Fisher thinks few investors will use that route: "They'd say, 'I'll do Malaysia and India. But Brazil? I just read how terrible it is.' Yet where the news is most negative may be the most attractive."

While Fisher warns against investing in single country funds, he does have strong national biases. Thailand is his favorite, nearly 30% of his Emerging Markets Growth Fund, with big holdings in blue chips like Siam Cement. "Miracle is too strong a word, but what you've seen in Thailand is rapid economic development that's come from government policies, an available work force that shifted from agriculture to manufacturing, and significant foreign investment that wanted to take advantage of that low-cost labor. All that came together to produce way above average growth," Fisher explains.

Malaysia, his second-largest holding (16%), has similar characteristics. Currency swings are not a problem in these countries, since many Asia-Pacific currencies are tied to the dollar. Malaysia's accounting standards are at internationally accepted levels. Indeed, Thai cement companies write off their machinery in three years, which is significantly more conservative than U.S. accounting.

Latin American stocks compose a fourth of Fisher's holdings. Says he: "There obviously is a contrast between emerging markets in the Pacific and Latin America. All you have to do is look at economic statistics, starting with inflation rates. But what's striking is how Chile and Mexico are providing a model for how one deals with problems. New governments in Argentina and Brazil will develop policies with an eye on what worked in Mexico and Chile."

What's good about Mexico? Says Fisher, "It can do for the U.S. what Thailand and Malaysia did for the Japanese, supplying low-cost labor. That would be good for Mexico and good for the U.S. It's hard for the politicians to talk about this, but the direction is pretty sure."

And what about hyperinflation? Says Fisher: "Just because there's high inflation and a jittery currency doesn't mean there won't be a good stock market. Usually in high inflation you don't want to hold cash because you know that's going to lose value. One thing that holds value is a business that adjusts to the inflation environment." Somehow those companies in Mexico survived the inflation that totaled 132% in 1987. Since then, inflation has come down to 18% and the Mexico Fund has done very well on the NYSE: up from 5 two years ago to a recent 14⅝.

What about Eastern Europe? There, predicts Fisher, "the first opportunities will be largely, though not exclusively, in [Western] European companies that provide things needed in Eastern Europe. That's primarily in three areas: infrastructure companies like cement, engineering and construction; telecommunications companies, both telephone systems and equipment; and basic consumer products companies which will, as incomes increase, sell into markets not available to them previously."

In parts of the world less developed than Eastern Europe, Fisher also favors such companies; cement and telephone outfits are six of his top ten. He concludes: "I first went to the Philippine stock exchange in the early 1970s. You would have looked at it and said, 'I can't believe you'd make investment decisions here the way you would in other places.' Yet the reality is, you do. The fundamentals are the same in most countries." ■

If you live in a state that looks harshly on so-called unearned income, Treasury bonds may be very attractive indeed.

The states are hungry

By Katarzyna Wandycz

HERE'S A ZINGER from Taxachusetts, whose economy is falling apart and whose government can't balance its budget. If you live in Boston and put money in an out-of-state bank account, your state income tax on the interest is 10%. If you deposit the money locally, your tax rate is only 5%.

A lawyer could make a federal case out of this discrimination against interstate commerce. But why bother? A better response is to buy neither a local nor an out-of-state certificate of deposit. Instead, buy a U.S. Treasury note. Its interest is exempt from Massachusetts tax.

When you invest, don't overlook the effect of state taxes. To be sure, the effective cost of state income taxes is reduced by the fact that they can be deducted on your federal return. But they are still a nasty surprise for many successful investors.

Consider Connecticut, which leads the pack in penalizing investors. Connecticut exempts salaries from its income tax, but the top tax rate on interest and dividends is a draconian 14%, and the flat rate on capital gains recently has been more than doubled, to 7%. You can escape the interest tax by putting your money in Treasurys. (Capital gains from Treasurys are not exempt, however.)

New York, unlike Connecticut, taxes salaries as well as "unearned" income, but its top rate is a bit lower. With the additional city income tax thrown in, the maximum tax bracket for a New York City resident is 11.3%. That marginal rate would hit a married couple whose total taxable income is above $108,000. Also, Mayor Dinkins is proposing to surcharge such "wealthy" people.

State taxes are looming larger than ever before in investment planning, in part because the states are reluctant to cut spending and are scrounging for new ways to tax. The 1986 federal tax act reduced the top marginal rate from 50% to 28% for the richest taxpayers, which also has the effect of making state taxes more painful, since the advantage of deducting them on your ~~federal return is~~ less. A few years ago Connecticut's wealthiest investors were looking at an effective Connecticut rate of 6%: a 12% state rate offset by the advantage of deducting state taxes on the federal return, where the marginal rate was 50%. Now that

Danger spots for investors

Connecticut takes the dubious honor of having the highest income tax bracket in the nation. Its tax rate of 14% on dividends and interest applies when a taxpayer's adjusted gross income from all sources is over $100,000. Here's a rundown on how the states treat investment income. Rates are for joint returns.

	Top 1990 tax rate on	
State	interest & dividends	long-term capital gains
Alabama[1]	5% above $6,000	same
Alaska	none	none
Arizona[1]	8% above $15,480	same
Arkansas	7% above $25,000	same
California	9.3% over $52,850	same[2]
Colorado	5% flat rate	same
Connecticut[3]	14% above $100,000[4,23]	7% flat rate above $200
Delaware	7.7% above $40,000[23]	same
D.C.	9.5% above $20,000	same
Florida	none	none
Georgia	6% above $10,000	same
Hawaii	10% over $41,000	7.25% above $7,000[12]
Idaho	8.2% over $40,000	same[5]
Illinois	3% flat rate	same
Indiana	3.4% flat rate	same
Iowa[1]	9.98% above $46,710	same[6]
Kansas	5.15% above $35,000	same
Kentucky[13]	6% above $8,000	same
Louisiana[1]	6% above $100,000	same
Maine	8.5% above $32,000	same

same Connecticut resident is looking at an effective rate of just over 10%. That's a pretty hefty boost.

Here's another worry. If you have too many special deductions and "preferences" on your federal return, you wind up paying not the regular tax but the alternative minimum tax. In that case you get no current benefit from deducting state taxes. This happens to a lot of wealthy investors.

What should you do if you live in a high-tax state? First, don't buy certificates of deposit, corporate bonds or foreign bonds, except in a tax-sheltered account such as an IRA. Use either Treasurys or local municipal bonds for your fixed-income investing. Second, for your equity investments, put a preference on low-dividend growth stocks. Hold on to winners for as long as you can. If you are fortunate, you can hold off realizing the gains until you have retired and moved to a low-tax state. Third, for your liquid assets, use a Treasury-only fund or a tax-free money market that buys local paper.

Or you could move. The best states for investors are those that don't tax interest, dividends and capital gains at all. On this honor roll are Alaska, Nevada, South Dakota, Texas, Washington and Wyoming. None of these states taxes "earned" income, either. Florida has no personal income tax but levies an annual 0.1% wealth tax on portfolios above $20,000. A simple millionaire pays $1,000 a year—pretty reasonable compared with states with income taxes.

The table lists other variations in the tax rate game. New Hampshire and Tennessee, for example, do not tax capital gains but do tax interest and dividends. Maryland taxes capital gains at slightly more than half its regular income tax rates, while Wisconsin taxes them at slightly less than half. Iowa now gives a 45% exclusion on the first $17,500 of capital gains for most investors, while Idaho's capital gains tax favors in-state timber, farming and manufacturing.

States also vary in what they define as taxable income. Many states use either federal taxable income or adjusted gross income as a starting point, but a few, including Pennsylvania and New Jersey, use gross income. If you live in New Jersey and earn $100,000 from your portfolio while losing $100,000 on your dental practice, you will pay no federal tax, but you will owe Governor Florio $2,900.

Danger spots for investors

State	—Top 1990 tax rate on—	
	interest & dividends	long-term capital gains
Maryland	5% above $3,000	3% above $3,000[7]
Massachusetts[8]	10% flat rate[9]	5% flat rate[10]
Michigan	4.6% flat rate	same
Minnesota	8.5% above $75,500[11,23]	same
Mississippi	5% above $10,000[23]	same
Missouri[1]	6% above $9,000	same
Montana[1]	11.5% above $52,500[14,15]	same[16]
Nebraska	6.41% above $45,000	same
Nevada	none	none
New Hampshire[3]	5% flat rate[17,24]	none
New Jersey	3.5% above $50,000	same
New Mexico	8.5% above $64,000	same
New York	7.875% above $26,000	same
North Carolina	7% above $21,500	same
North Dakota[18]	12% above $50,000[23]	same
Ohio	6.9% above $100,000	same
Oklahoma[1]	10% above $24,000[19]	same
Oregon[20]	9% above $10,000	same
Pennsylvania	2.1% flat rate[23]	same
Rhode Island	22.96% of federal tax liability	same
South Carolina	7% above $10,000	same[21]
South Dakota	none	none
Tennessee[3]	6% flat rate[23]	none
Texas	none	none
Utah	7.2% above $7,500	same
Vermont	28% of federal tax liability	same
Virginia	5.75% above $17,000	same
Washington	none	none
West Virginia	6.5% above $60,000	same
Wisconsin	6.93 above $20,000	2.77% above $20,000[22]
Wyoming	none	none

[1] State allows deduction for federal taxes, which usually helps lower effective rates. [2] State allows credit equal to 4.5% of gain from sale of in-state rental, residential or farm property. [3] State has no tax on earned income. [4] Applies to returns where federal adjusted gross income exceeds $100,000. [5] State allows a 60% deduction on some real estate, business assets and livestock. [6] State allows a 45% deduction on the first $17,500 of income from the sale of certain actively managed business property. [7] Effective rate after allowing a 40% exclusion of capital gains. [8] Rates on interest and dividends are higher than those on earned income. [9] Interest on in-state savings accounts taxed at 5%. [10] Effective rate after a 50% exclusion. [11] Rate lowers to 8% at $165,000. [12] If an individual's income including the capital gain is taxed at a rate in excess of 7.25%, the capital gain is taxed at only 7.25%. [13] State allows only a deduction of federal tax liability paid prior to 1990. The deduction will be eliminated in 1991. [14] Including a 5% surtax. [15] Married filing jointly older than 65 can exclude up to $1,600 of interest income. [16] Allows a 40% exclusion for installment sale contracts that occurred before January 1987. [17] $1,200 of interest and dividend income exempt for individuals; $2,400 if filing jointly. [18] Taxpayers may elect an alternative method of paying 14% of federal tax liability. [19] Without the federal deduction the top rate is 7% above $21,000 for married filing jointly. [20] Federal deduction limited to $3,000 on a joint or single return; married filing separately can deduct up to $1,500. [21] 6% on capital gains held two or more years. [22] After giving effect to a 60% exclusion [23] State taxes interest income from U.S. Treasurys held in government bond funds. [24] Exemptions include interest from New Hampshire and Vermont banks and credit unions.

Vermont and Rhode Island piggyback their taxes on your federal return: Your state tax is simply a percentage of your federal tax bill. North Dakota allows its taxpayers to pay either regular state rates—up to 12% on investment income—or a piggybacked 14% of their federal tax liability. The piggyback rules have special adjustments to exempt interest on U.S. Treasurys from state tax.

Several states allow residents to deduct federal taxes from state returns in a way that helps lower effective rates on investment income. In some states, taxes sometimes can be minimized by putting income-yielding investments in the name of the lower-salaried spouse. Arkansas, for instance, has a top rate of 7%, starting at $25,000 for both married-joint returns and married-separate. "They file separately unless they are not too bright," says Timothy Leathers, Arkansas commissioner of revenue.

Pay attention to how your state treats municipal bond interest. Most of them tax munis from out of state and exempt munis from within the state. In the District of Columbia and New Mexico, all municipal bonds are exempt from state taxes. Illinois, Iowa, Kansas, Utah and Wisconsin exempt some and tax others. New York allows you to escape state taxes on local private-purpose muni bonds, even though they are sometimes federally taxable. Most states allow the source of muni interest (local or not) to flow through a mutual fund to you. All but seven states allow the exemption for Treasury interest to flow through a fund.

Remember, too, that some investments are full of pitfalls, no matter where you live. If you invest in a partnership or even a publicly traded master limited partnership, you may have to file and pay taxes in every state where the partnership does a certain amount of business. "The administrative pain of filing zillions of returns may outweigh the economic advantages," advises Price Waterhouse tax expert John Fielding.

Fielding recalls a Connecticut resident who owned shares in a partnership that sold assets in New York City. The shareholder was surprised to discover that he owed both New York and Connecticut capital gains tax, and that neither state would give him credit for the tax he paid to the other state. As if life weren't already difficult enough for the investor. ■

Fed up with your state's high taxes, you retire to Florida. Now your former home state announces that it can tax you for the rest of your life. Outrageous? Sure. Here's what you can do about it.

The pension snatchers

By Janet Novack

CALIFORNIA'S POLITICIANS have come up with an ingenious way to raise revenues without risking a revolt by the voters. They levy taxes on people who can't vote, namely, out-of-staters.

The out-of-state victims are retirees, those who used to work in California but fled the state and its steep income tax rates. California's position: If you earned your pension in this state, then you owe us taxes when you collect it, no matter where you live.

New York puts the arm on departing retirees by taxing lump-sum pension distributions earned while working in New York. Nine states tax IRAS held by former residents. Several states are going after deferred compensation paid to ex-residents.

If you are nearing retirement, and particularly if you plan to retire from a high-tax state to Florida, which has no income tax, keep an eye on what your former home is doing to tax ex-residents. There are ways to minimize the damage.

How far can a state's taxing power reach? In 1920 the Supreme Court ruled that states can tax nonresidents on income earned within their borders. Example: You work in Massachusetts, live in New Hampshire. Massachusetts takes income tax out of your pay.

Investors come across this taxing power if they own partnership interests. Example: You live in Texas but own a piece of a New York City real estate deal. The New York partnership sells its building at a gain and you receive a letter a few years later from New York assessing you for capital gains taxes. (New York sends out more than 2,000 such letters a year.)

How about interest and dividends from companies within a state that are paid to out-of-staters? In the vast majority of cases, states can't constitutionally tax these payments. Anyway, it would be futile to go after them. If New York tried to tax a Texan on his CD at Manufacturers Hanover, he would withdraw the money fast.

Taxing a nonresident on pension income is another matter. The hapless victim cannot move his pension "source." Hence, the greedier states demand a piece of retirement income from former residents. Traditionally, these taxes often haven't been paid. Many retirees don't know they owe them. Others, says Ernst & Young tax expert Louis Jacobson, "take the attitude, 'Let them come and get me.' But they're being very silly."

Why? Because powerful computers and information-sharing agreements are helping the states grab more out-of-state money. Some states are even making preemptive enforcement strikes. In January, Minnesota began requiring partnerships to withhold 8% from payments to nonresidents.

California, for its part, is considering requiring its employers to report pension payments to nonresidents. The state figures it gets only 30% of the pension taxes owed by out-of-staters. It already goes after retirees it knows about: mostly former state workers. The state turns up about 18,000 nonresidents a year who it

Few investment letters have beaten the market lately. Are they a waste of money? Well, mutual funds lagged the market, too.

Blame the environment

By Mark Hulbert

BEATING THE MARKET is never easy, but the last five years have been particularly rough for investment newsletter writers. Just 7 of the 56 investment newsletters tracked by *Hulbert Financial Digest* beat the Vanguard Index Fund over the period from Mar. 31, 1985 to Mar. 31, 1990. With the other 49, you would have done better canceling your subscription, buying the market-tracking Vanguard Index 500 fund, and holding for five years.

But while the past is prologue to the future, it does not predict the future. In my admittedly prejudiced view, it is too early to write off the investment letters. The same factors that have hurt many other kinds of investment advisers have penalized the newsletter writers recently.

An indication of how difficult these five years were is that mutual funds did even worse than the newsletters.

For this comparison, let us consider the 110 individual portfolios recommended by the 56 newsletters in my database. Among those 110 portfolios, 29, or 26%, beat the Vanguard Index Fund. In contrast, just 85 (or 16%) of the 541 stock funds in the FORBES-CDA database beat the index fund. (Mutual fund managers might object to my allowing multiportfolio newsletters more than one shot at beating the market, but let's not forget that fund sponsors have been playing the multiportfolio game for years.)

To calculate a newsletter's performance, my computer program makes assumptions that are as realistic as possible. Purchases and sales are made at the prices prevailing when any subscriber could have acted on the newsletter's advice, and a 1% commission is charged each time a stock is bought or sold (2% round-trip). I don't debit any amount for taxes. (Neither does FORBES in reporting fund performances.) Nor do I reduce a newsletter's return by its subscription price. FORBES doesn't debit a fund's return by its sales load.

There are two reasons for the letters' difficulties in the past half decade. One is the strong upward drift in the market, 17% a year over the five years. That hurts the many letters with substantial cash positions in their recommended portfolios. The other reason is that small stocks, the special province of letter writers, have been trounced by the blue chips.

You can't say exactly when, but you can be reasonably sure that both of these environmental factors will reverse themselves someday. The market is not going to continue marching upward indefinitely at a 17% annual rate; there just aren't that many gains in the economy to be had. Within the next decade we will get a year or two of market declines, and when they do, the relatively cash-heavy newsletters will look good. As for the small-cap stocks, they have a decided superiority to big stocks over the long pull, but do worse over cycles lasting up to a decade or so. The down cycles in the relative performance of small-caps do not last forever.

In contrast to big brokers and most mutual funds, which rarely can afford to bother with little stocks, many newsletters actually specialize in such stocks. In previous market cycles this specialization has worked to newsletters' benefit, but not during these five years. Consider the performance of the Wilshire 4500 Index. It is a capitalization-weighted index of all regularly traded stocks in the U.S., other than those in the S&P 500. In contrast to the market's 17% annual return over these five years, the Wilshire 4500's was just 12%. Against the Wilshire 4500, the newsletters don't look quite so bad: 19 out of 56 beat the bogey.

The other big reason that newsletters lagged is their relatively high cash position—which works against them when the market is as bullish as it was over this period. Indeed, the newsletters I monitor averaged a 46% cash position in the 1980s, against a stock-fund average of around 8%.

Both of these factors—a predisposition in favor of smaller stocks and more cash—will work to newsletters' benefit in other kinds of markets. The cash will help them beat the market in bear years. And if and when the historical pattern of secondary stocks outperforming blue chips reasserts itself, a larger number of newsletters will beat the S&P 500. This assumes, of course, that the newsletters do not forsake small stocks just when small stocks are about to rebound.

The best investment letters

Few beat an S&P 500 index fund since 1985. They look better against a Wilshire index of small stocks.

Newsletter[1]	5-year return (annualized)	Risk rating[2]
MPT Review (average)[3]	32.8%	high
OTC Insight (average)[3]	30.6	high
California Technology Stock Letter	21.3	average
The Mutual Fund Strategist (average)	20.5	very low
Zweig Forecast	20.4	low
The Princeton Portfolios (average)	19.7	high
Zweig Performance Ratings Report	17.6	very low
Vanguard Index 500 Fund	17.1	average
Wilshire 4500 Total Return Index	12.4	average

[1] Return of multiportfolio newsletters based on an average of their several portfolios. [2] Risk rating based on volatility of portfolio returns; the 10% most volatile are rated "very high," the next 20% "high," the next 30% "average," the next 20% "low," and the remainder "very low." [3] Tied for first place.

Source: Hulbert Financial Digest.

So how should you go about choosing an investment newsletter? Needless to say, performance is the most important criterion. And while there is no guarantee that past will equal future performance, you can increase the odds that it will by focusing on performance over a long period. How long? Five years is pretty good, and a longer period would be even better. The problem is that as we start comparing performance over longer and longer periods, fewer and fewer newsletters qualify—either because they haven't been published for that long or they have changed editors during the period. Fund evaluators face the same dilemma.

But performance isn't the only criterion. You also must look at how much risk the newsletter has incurred. If you are a conservative investor, for example, there is no point in even contemplating following a high-risk options newsletter, no matter how impressive its return. In addition, you should examine a newsletter's style: Does it require daily attention, such as the frequent calling of telephone hotline updates? If so, and you don't have that much time to give, then you should focus instead on newsletters that don't require as much attention.

Interestingly, transaction costs do not explain why so few newsletters beat the market since 1985. One of the newsletters with the busiest trading habits, the *Zweig Forecast,* is also one of the select few that beat the market. And this is after taking out a hefty bite for commissions. Zweig's portfolio over these five years would have averaged a 23% annual return if no transaction costs had been debited, instead of 20%, assuming a 2% round-trip commission. Even if you assume that Zweig's competitors traded as much and would have been helped as much by not paying commissions—and most traded far less—you still find that only 12 of 56 letters would have beaten the market in a commission-free world.

So, too, for funds. There is no correlation between performance and turnover. The average turnover ratio of the 85 funds that bettered the Vanguard Index 500 Fund is indistinguishable from the turnover of the funds that did worse.

Don't interpret these results to mean that transaction costs and turnover ratios aren't important, however. Instead, I conclude from this that five years is not a sufficiently long period of time for the drag produced by high transaction costs to become dominant. Over periods as short as five years, other factors—such as those I already have identified—are more important determinants of performance.

In the meantime, however, we do know two important things. One, it's extremely difficult to beat the market. Two, it can be done. With this in mind, let's look at the seven newsletters that did beat the index fund average from 1985 through 1989. They amply prove that there is no one road to investment riches. Sidestepping the 1987 crash obviously helped. That explains the excellent performance of Martin Zweig's *Zweig Forecast* and that of my fellow Forbes columnist Michael Gianturco's *Princeton Portfolios.* Both Zweig and Gianturco were net short going into Black Monday.

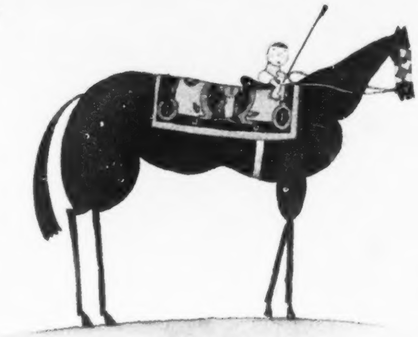
But being out of the market on that day wasn't a necessary—or sufficient—condition for beating the market over the entire five years. Charles Hooper's *Mutual Fund Strategist* was fully invested during the 1987 crash yet still did well over the five-year period. And Richard Fabian's *Telephone Switch Newsletter,* which was out of stocks during the crash, did worse than the market over the five years.

In fact, stock selection rather than market timing was the road to success for the high ranks of the top two newsletters, Louis Navellier's *MPT Review* and James Collins' *OTC Insight,* since they don't even try to time the market. (These two, almost tied for first place, used to be partners and have had their separate newsletters for only half of these five years. I credit each with the same record for the first half.) Stock selection is also responsible for the high rank of the other Zweig newsletter, the *Zweig Performance Ratings Report,* though its relative weighting of long and short positions will change, which is market timing of a sort.

The moral of my story is simply this: There is considerable talent in the newsletter field. That newsletters as a group failed to beat the market is no more reason for writing them off than that the average mutual fund also failed to beat the market over this exceptional period is reason for burying mutual funds. ■

Mark Hulbert is a Forbes columnist (see p. 294).

The best new issues do spectacularly well. The average new issue does poorly. It's the averages that count in investing.



Long shots and small returns

By Steven Ramos
and Steve Kichen

"THIS COULD BE the next Home Depot!" says your broker, in trying to sell you on an initial public offering. A $10,000 investment in Home Depot when it came to market in 1981 is worth $740,000 today. Such spectacular returns stick in the memory and make a great selling tool for stockbrokers. But don't be swayed by such tales. What counts in investing is not the extreme cases but the averages. And the averages are very bad in the new-issues market.

We reviewed the performance of 1,993 companies that went public betweeen Jan. 1, 1980 and May 15, 1990. Of these, 1,421, or 71%, did worse than the overall market, as measured by the S&P 500. The average performance, relative to the market, was –19%. That means that the underwriters could have cut all their offering prices by 19%, and the buyers still would have had no great deal—just a means of tying the market and incurring an inordinate amount of risk in the process.

To get an idea of the risks, consider these statistics. More than half of the new issues are now worth less than the offer price. A third are now valued at less than half of their offer price, and 123 of the 1,993 went bankrupt.

And our performance statistics are too kind to new issues. First, we have ignored dividends, which are much higher for established companies than for new issues. Second, we have assumed that an investor could have bought at the new-issue price. In fact, a lot of the more attractive offerings—Genentech, for example—were rationed out to the buyers at the offering price. Investors who weren't owed a favor by their brokers simply had to buy in the secondary market at much higher prices. Finally, we omitted from our survey all stocks offered at

The top-performing new issues

This list of winners in the IPO sweepstakes of the 1980s will make you wistful. If only you had bought Home Depot or Liz Claiborne or King World, you could have made a killing. But don't be swayed by the winners' list. Look at the averages. The average new issue did 19% worse than the market. Those are racetrack odds.

Company/business	Offer price[1]	Recent price	Offer value ($mil)	Offer date	% gain actual	% gain relative to market[2]	Underwriter
Home Depot/home improvement centers	$0.71	$52.63	$7.2	9/22/81	7,313%	2,338%	Bear Stearns
Liz Claiborne/apparel	0.79	28.00	21.9	6/9/81	3,444	1,217	Merrill Lynch
King World Productions/film distribution	1.67	37.38	12.5	12/5/84	2,138	926	PaineWebber
LyphoMed[3]/health care equip	1.58	31.87	20.0	5/13/83	1,917	826	Montgomery Sec
Washington Fed S&L/savings and loan	1.59	28.75	11.1	11/9/82	1,708	632	EF Hutton[4]
Computer Assocs Intl/computer software	0.88	15.50	7.0	12/9/81	1,661	527	Alex Brown & Sons
Adobe Systems/computer software	2.75	46.50	5.5	8/13/86	1,591	1,073	Hambrecht & Quist
LA Gear/footwear	2.88	43.63	19.0	7/1/86	1,415	979	Sutro[5]
AL Williams[3]/insurance	1.60	23.17	8.9	7/7/82	1,348	355	Self
Autodesk/computer-aided design	3.67	49.50	15.4	6/28/85	1,249	631	LF Rothschild[6]

[1] Per common share; adjusted for splits. [2] The percentage by which the ending value of $100 invested in the stock exceeds the ending value of $100 invested in the S&P 500. [3] Acquired. [4] Now Shearson Lehman Hutton. [5] Subsidiary of John Hancock. [6] Subsidiary of Franklin Financial.

Sources: Security Data Co; Wilshire Associates; FORBES.

Exotica

The biggest offerings

Size doesn't guarantee quality in an initial public offering, nor does the reputation of the lead underwriter. But this list of the large deals would show good performance if you could exclude the thrift issues.

Company/underwriter	Offer value ($mil)	Offer date	% gain actual	% gain rel to market[1]
Consolidated Rail/Goldman Sachs	$1,456	3/26/87	57%	33%
Unum/Goldman Sachs	562	11/5/86	94	35
Reader's Digest Assoc/Goldman Sachs	420	2/14/90	19	11
Meritor Svgs Bank PA/Salomon Brothers	374	9/14/83	–83	–92
Carnival Cruise Lines/Salomon Brothers	366	7/24/87	35	18
Dime Savings Bank NY FSB/Salomon Brothers	346	8/19/86	–56	–69
E-II Holdings[2]/Salomon Brothers	345	7/2/87	14	30
Aristech Chemical[2]/Shearson Lehman	320	11/26/86	128	68
Calfed/EF Hutton[3]	293	3/29/83	–9	–61
Himont[2]/Wertheim Schroder	287	2/12/87	82	83
McCaw Cellular Comm/Drexel Burnham Lambert	283	8/21/87	24	18
Morgan Stanley Group/Morgan Stanley	254	3/21/86	81	19
Glenfed/Dean Witter Reynolds[4]	244	10/5/83	14	–46
Fruit of The Loom/Drexel Burnham Lambert	243	3/3/87	54	24
Bear Stearns Cos/Bear Stearns	215	10/29/85	18	–37

[1] The percentage by which the ending value of $100 invested in the stock market exceeds the ending value of $100 invested in the S&P 500. [2] Acquired. [3] Now Shearson Lehman Hutton. [4] Now part of Sears, Roebuck.

The best and the worst new-issue underwriters

Brokers are ranked by the performance of new stock issues since 1980 that raised at least $5 million and were priced at $5 or more.

Rank	Underwriter	Number of issues	% of issues that went up	% of issues that beat the market	Avg performance actual	Avg performance rel to market[1]
	The best					
1	**Piper Jaffray Hopwood**[2]	26	65%	96%	115.9%	43.7%
2	**Bear Stearns**	57	51	91	148.0	27.3
3	**First Boston**	54	54	93	56.5	16.6
4	**Goldman Sachs**	85	64	94	64.8	10.9
5	**William Blair & Co**	36	58	83	68.5	4.6
6	**Donaldson Lufkin Jenrette**	72	43	93	49.2	1.7
	The worst					
1	**Rotan Mosle**[3]	21	24	86	–48.2	–67.3
2	**Rauscher Pierce Refsnes**	17	29	94	–26.8	–47.4
3	**Bateman Eichler**[4]	18	33	83	–24.5	–47.3
4	**Dain Bosworth**	22	36	91	–2.0	–42.0
5	**Ladenburg Thalmann**	25	28	92	1.9	–40.3
6	**Becker Paribas**[5]	24	50	96	27.1	–37.8

[1] The percentage by which the ending value of $100 invested in the stock market exceeds the ending value of $100 invested in the S&P 500. [2] 25% owned by Hartford Financial. [3] Subsidiary of PaineWebber. [4] Subsidiary of Kemper Financial. [5] Subsidiary of Merrill Lynch.

Most bankruptcies

Several of these underwriters eventually went under themselves.

Rank	Underwriter	Number of issues	% bankrupt
1	**Muller***	6	83.3
2	**Rooney Pace***	11	36.4
3	**J Muir***	6	33.3
4	**DH Blair**	13	30.8
5	**Howard Weil Labouisse**[1]	9	22.2

*No longer in business. [1] Subsidiary of Legg Mason.

less than $5 a share—penny stocks, for the most part. These are the worst deals for the investor and would have brought down the averages considerably. In our last survey of under-$5 issues (FORBES, *June 26, 1989*), we found an appalling relative performance averaging –51%.

The new-issues market runs hot and cold. In the 12-month period ended Sept. 30, 1987, just prior to the crash, 704 new issues (excluding closed-end funds) were brought to market and $21 billion in new capital was raised. Through all of 1989 only $6 billion in capital was raised from 202 new offerings. This year is not much busier. As of May 30, 82 new issues brought in less than $3 billion in capital for 1990.

But, with the technology sector performing well once again, it's all but inevitable that a flood of technology IPOS will appear. "There are now hundreds of high-technology and computer companies lying in the wings waiting for better market conditions," says Norman Fosback, editor of the *New Issues* newsletter in Fort Lauderdale, Fla.

You should be skeptical of these new issues, as you should of any offerings aimed at capitalizing on yesterday's success story. If you like the technology sector, look for an established but neglected company trading at a low multiple of its earnings or at a low ratio to its book value. The story on page 186 is a place to start.

Our new-issues performance numbers are based on the FORBES IPO database, with recent underwriting data from Securities Data Corp. in Newark, N.J. and pricing data from Wilshire Associates in Santa Monica, Calif. ■

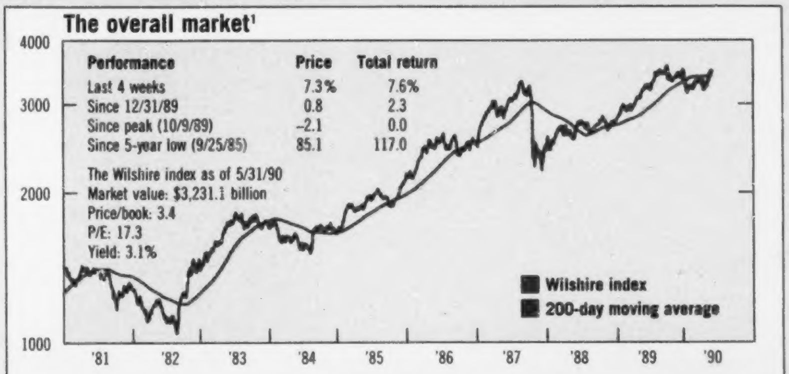
The Forbes Wall Street Review

Edited by Eric S. Hardy

Does the spring rally bode well for stocks in the brokerage business? No, according to Perrin Long, an analyst who follows the securities industry for Lipper Analytical Services in New York. "We're still behind last year in trading volume, and the brokerage stocks as a group underperformed the S&P 400 [essentially the S&P 500 less financial companies and utilities] in May," he says. Long is maintaining his long-standing pessimistic outlook for brokerage stocks, and instead recommends a conservative, even defensive, investment approach over the next 12 to 18 months. He likes companies in industries like food processing (General Mills, for instance) and high-quality electric and telephone utilities.

The 30 stocks in the Dow industrials scaled new peaks and closed the latest two-week period with a 1.6% gain. During May the average rose 8.3%. But the broad market is still below its previous peak. At the end of May the Wilshire index of 6,000 equities had a 1% gain for 1990, which still puts it 2% below the alltime high it set last October. Most of the fireworks in May happened during the first half of the month, when the Dow crossed the 2800 level and kept climbing. For the month of May, average daily volume on the New York Stock Exchange was 164 million shares—the highest since January, and 17% ahead of the previous month.

The overall market[1]



Performance	Price	Total return
Last 4 weeks	7.3%	7.6%
Since 12/31/89	0.8	2.3
Since peak (10/9/89)	–2.1	0.0
Since 5-year low (9/25/85)	85.1	117.0

The Wilshire index as of 5/31/90
Market value: $3,231.1 billion
Price/book: 3.4
P/E: 17.3
Yield: 3.1%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Edison Bros Stores	48¼	27%	16	727	2.2
Novell	49¼	23	27	11,746	1.8
Sequent Computer Systems	31¾	20	40	3,415	1.5
Comcast	13⅞	19	NM	4,409	1.4
First Financial Management	25½	19	11	1,425	1.3

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Magma Power	27¾	–20%	26	1,038	3.1
Adobe Systems	35⅝	–20	20	11,203	2.1
TCBY Enterprises	18½	–16	17	4,875	1.7
Micron Technology Inds	13½	–16	11	7,542	2.0
Federal Express	46¼	–15	22	5.261	2.4

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,448.48	2.0%
Wilshire index 6,000 stocks, equal weighted	21.87	2.5
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,876.66	1.6
S&P 500 Capitalization weighted cross section, major stocks	361.23	1.9
NYSE Capitalization weighted, all listed common stocks	196.94	1.8
Amex Capitalization weighted total return: stocks, warrants	363.06	2.3
Nasdaq Capitalization weighted, all issues except warrants	458.97	3.0
Amex international market index Capitalization weighted, 50 largest ADRs	315.99	0.5

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	923.60	1.3%
Institutional[5] Approximately 200 stocks with high institutional ownership	118.43	2.1
Individual[5] Approximately 200 stocks with low institutional ownership	104.36	1.4
Russell 2000 index 2000 stocks with small market values, capitalization weighted	168.67	2.3
Gold[6] (composite quote of 6 major dealers)	$364.50	–1.4
Yen[6] (per $U.S.)	152.40	0.1
Commodity index[6] (CRB futures index, 1967 = 100)	241.25	–2.0
Oil[6] (W Texas Intermediate)	$17.40	–7.7
T bills[6] (90 days)	7.75%	10 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 5/31/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Average daily volume over a 2-week period. [3]Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4]Morgan Stanley Capital International Perspective. [5]For period ending 5/31/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6]Knight-Ridder Financial Information. [7]A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

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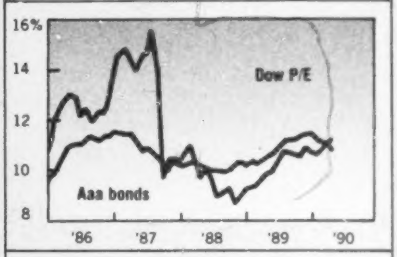
What the Analysts Think

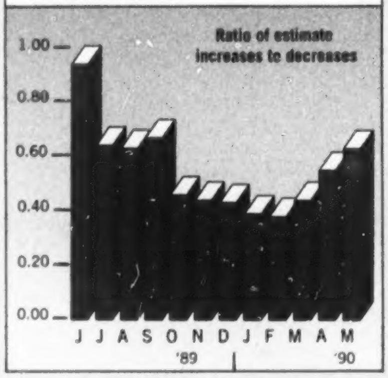
Edited by Steven Ramos

Dow P/E * vs. Aaa bonds †



*Dow P/E is the recent price of the Dow divided by estimated earnings over the next 12 months. †Projected price-to-coupon ratio for Moody's Aaa corporate bond index.

S&P 500 companies



Forecasting the S&P 500

Year	Estimated P/E	% change current estimate vs. 3 months ago	Expected year-to-year EPS growth
1989[1]	14.6	NA	–5%
1990	12.9	–3%	12
1991	11.3	–2	16

1990 estimates for major industry groups

Rising estimates	Falling estimates
retail food chains	leisure time
household products	machine tools
tobacco	misc financial
beverages/alcohol	truckers
shoes	money center banks

When the market crashed in 1987, there was much talk about a recession right down the road. The same thing happened after the Dow fell 191 points last Oct. 13. True, there is a recession on Wall Street, but the overall economy is not in a downturn. Analysts are currently expecting 12% earnings growth in the S&P 500 in 1990 and 16% growth for next year. Forecasters are still cutting more earnings estimates than they raise, but the ratio of S&P 500 estimate increases to decreases has climbed for three months in a row *(center chart)*. Analysts are raising earnings estimates for defensive groups such as supermarkets, household products and tobacco stocks.

Rick Pucci, director of the Institutional Brokers Estimate System at New York-based Lynch, Jones & Ryan, is bullish about corporate earnings but less so about interest rates—despite the early June bond rally. "Long-term government bonds are at 8.6%. I think they'll hit 9% before they hit 8%," he says. This means, according to Pucci, the current stock market rally may have gotten ahead of itself. "If interest rates don't come down, the spread between stock multiples and interest rates can be closed through higher corporate earnings or lower stock prices," he says.

Who's Hot

These companies show the greatest increases in estimates over the past three months.[2]

Company/industry	1989 EPS	1990 estimate recent	1990 estimate 3-mo chg	1990 estimate P/E	3-mo price chg	Reason
Golden Nugget/hotels & casinos	–$1.11	$2.35	223%	16	42%	Profits from Mirage Hotel better than expected
Continuum/software	1.27	2.71[3]	158	14	14	Cost controls, gains in computer servicing business
Ocean Drilling & Expl/oilfield services	0.28	0.84	52	29	–13	Increased gas production, reduced exploration expenses
Adolph Coors/brewing	0.36	1.47	46	17	37	Improved sales of Coors Light and Keystone brands
Dime Svgs Bank NY/banking	–2.88	1.76	29	4	–15	Reported strong earnings

Who's Not

These companies show the greatest decreases in estimates over the past three months.[2]

Company/industry	1989 EPS	1990 estimate recent	1990 estimate 3-mo chg	1990 estimate P/E	3-mo price chg	Reason
Ameritrust Corp OH/banking	$3.11	$0.88	–74%	20	–16%	Mounting concerns over asset quality
Delta Woodside/textiles	1.65	0.27	–69	26	–5	Soft textile markets
BayBanks/banking	3.95	1.50	–63	11	–18	Increased loan loss provisions
American Express/financial services	2.70	1.34	–56	22	5	Problems with Shearson subsidiary
Georgia Gulf/chemicals	7.56	2.62	–55	3	–79	Undergoing recapitalization plan

[1] Actual. [2] Companies with market capitalization of $100 million or more. [3] 1991 estimate. Earnings projections are Wall Street consensus estimates. Data from over 3,000 security analysts are compiled and updated continually by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan Investment Services, New York. Aaa bond yield forecasts supplied by Blue Chip Economic Advisors. NA: Not available.

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MEXICO: THE NEXT SOUTH KOREA?

HOW BROOKS BROTHERS KEEPS STRUGGLING WITH CHANGE

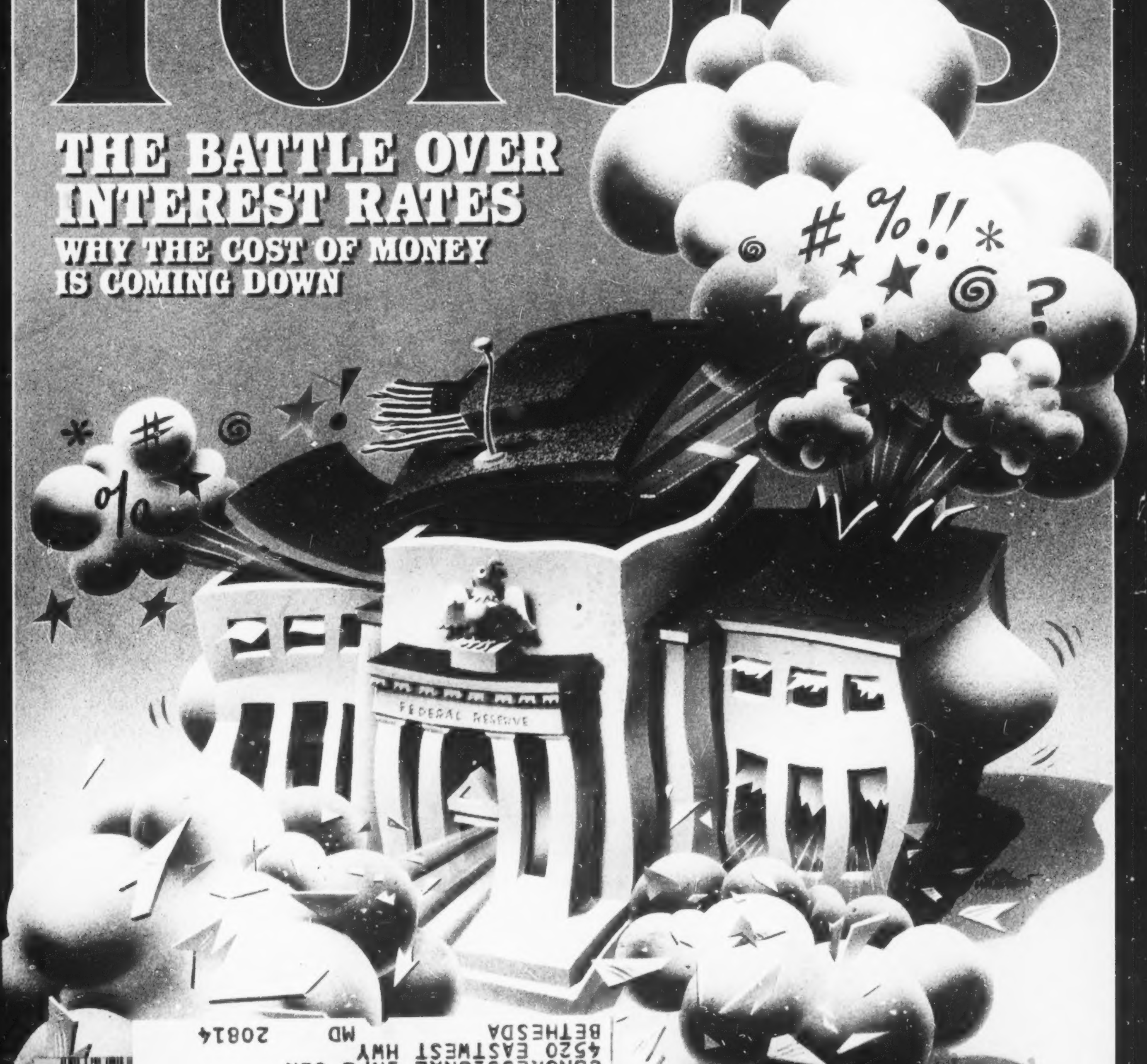
WHY GORBACHEV IS SPLURGING ON SUBMARINES

JULY 9, 1990
THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THE BATTLE OVER INTEREST RATES

WHY THE COST OF MONEY IS COMING DOWN



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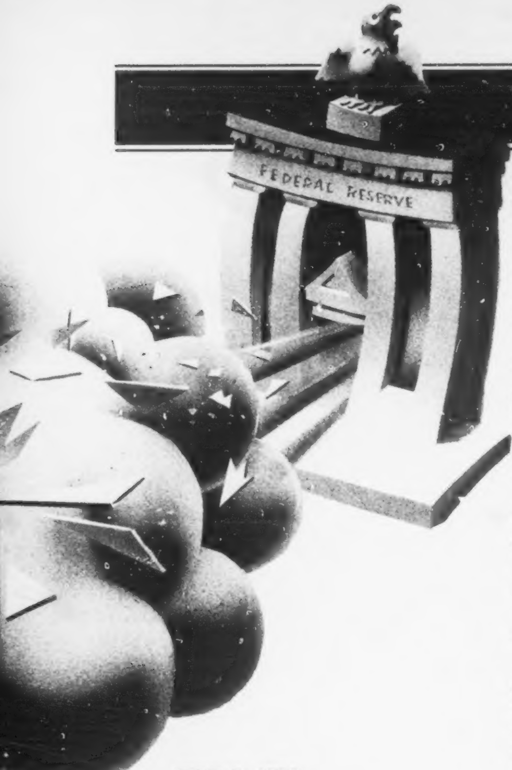

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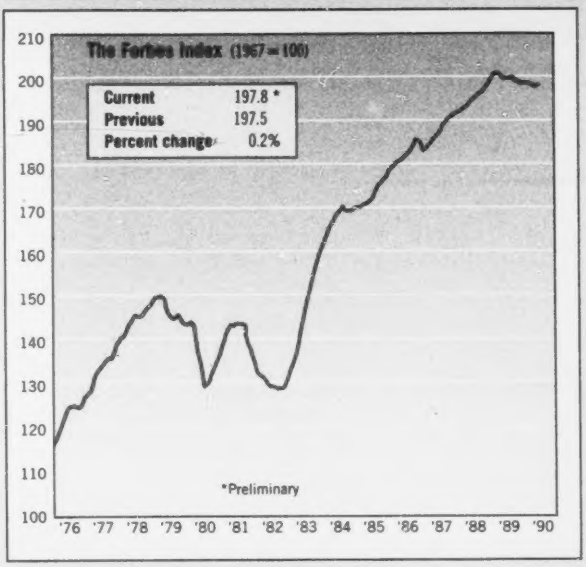
The Forbes Index



Consumers are consuming less. May retail sales were off 0.7% from April. On an inflation-adjusted basis, retail sales are actually 0.4% lower than they were 12 months ago. Consumer installment credit is up, but only by a modest 1.2% so far this year. One reason for the sluggish growth in consumer lending is the weakness in auto sales. Industrial production crept up 0.6% in May while the Consumer Price Index rose 0.2%. The preliminary Forbes Index shows a 0.2% gain in May, but this figure is likely to change once the remaining components are reported.

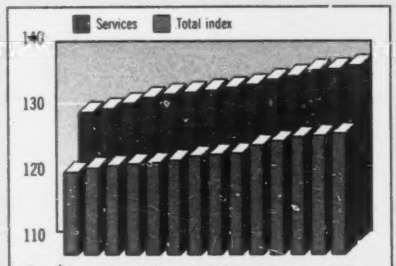
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	-6.0%
Index of leading indicators April vs. March	Dept of Commerce	-0.2%
Trade balance last 12 months ending April 1990	Dept of Commerce	-$93 bil
Producer price index May vs. 1989[2]	Dept of Labor	3.1%
GNP 1st quarter vs. 4th—annualized growth	Dept of Commerce	1.3%
NBER Experimental Recession Index[3]	Natl Bureau of Economic Research	6.0%

[1] U.S.- based manufacturers, excludes imports, as of 6/10/90. [2] Finished goods. [3] April 1990.

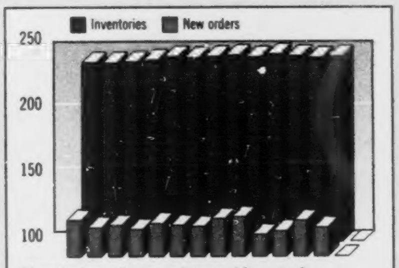
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

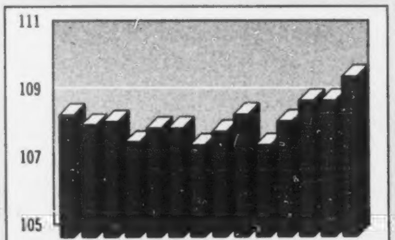
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



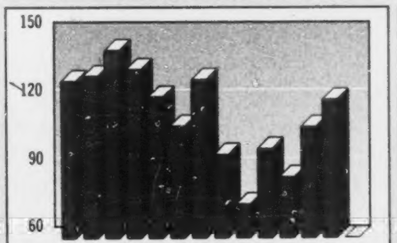
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



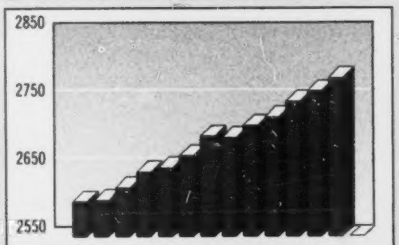
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



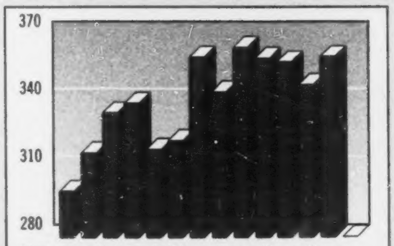
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



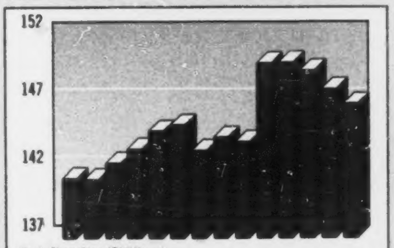
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



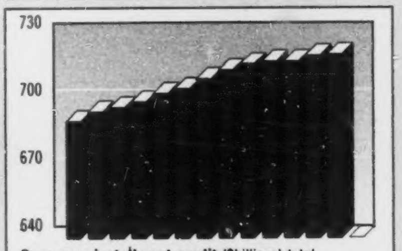
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



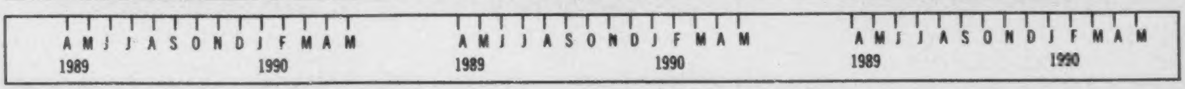
New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



Forget Eastern Europe. The next great economic miracle will take place right on our borders. Mexico is on its way to becoming an economic powerhouse.

A revolution you can invest in

Steven Rubin/J.B. Pictures

Mexico City

No evidence of significant unemployment.

ES EN VIA PUBLICA
N CUAUHTEMOC

By David Goldman

MEXICO'S STOCK MARKET index has approximately doubled since July 1989, outperforming every other market in the world. Is the party over? Not by a long shot. By 1993 the Mexican market could well rise to four times its present level. Under President Carlos Salinas de Gortari, Mexico is set to repeat the success story of South Korea but on a far grander scale. Robert L. Bartley, editor of the *Wall Street Journal,* says he believes the Salinas team is the best in the world. So far as economics is concerned, the 88 million Mexicans will have far greater impact on the world of A.D. 2000 than will the 133 million citizens of Eastern Europe.

That President Salinas feels strong enough to talk with President Bush about a possible free trade zone with the U.S. speaks volumes about his determination and ability to break with the sterile economic nationalism that has held his country back.

On May 14 Mexico's Congress voted a constitutional amendment to privatize banking. Future historians may pinpoint this date as the day that an undisputed national consensus emerged in favor of what I shall call Salinastroika—a peaceful revolution promising changes as profound as those of 1910-17 in Mexico's political and economic life. Eastern Europe's path to political maturity may be shorter or longer than Mexico's, but it has just set out on the learning curve, while Mexico is heading up its sweep.

For U.S. business people and investors, Mexico is a far more interesting story this time than Eastern Europe is.

Mexico still has big problems, including the persistent 14% annual crawling-peg devaluation of the peso, and no one can predict when they will be solved. The pace of policy change during the past 12 months, though, provides cause for optimism. A senior Finance Ministry official told me, "The only thing that is not negotiable is the virginity of the Virgin of Guadalupe [Mexico's patron saint]. That stays. Everything else is on the table."

Already swept off the table is much of the agenda of Mexican statist economics. This includes bank nationalization, high tariffs, nontariff barriers, redistributionist tax policies, industrial regulation, state enterprises, and so on. A North American free trade zone is on the table for national debate, and there are hints that Mexico may even encourage some private oil exploration.

The most remarkable aspect of Mexico's ascent during the past two years is the way in which the supposedly insuperable problems of foreign debt and government deficits melted away, virtually unnoticed. Inflation has been brought to below 20% from over 150%, the peso is stable, foreign-

Cindy Karp/Black Star

SALARIADOS
SALINAS DE GORTA
SENTE
PRI
CNOP
PRESENTE

Carlos Salinas de Gortari, President of Mexico
A Mexican success story to rival, perhaps surpass, that of South Korea?

exchange reserves are increasing, and the short-term Treasury bill rate is down to 34%—despite the fact that Mexico has received virtually no new loans from commercial banks.

What happened? Under Salinas' predecessor, International Monetary Fund-imposed austerity was tried and failed. Salinastroika is succeeding because it reduced government's role in the economy and helped restore international confidence in the Mexican economy. A swing of perhaps $10 billion in the current account between 1987 and 1989 was financed by inflows of private nonbank capital, with room to spare. With interest rates down to about a fifth of their 1987 peak level, the government can comfortably service the national debt, which absorbed 60% of federal spending in 1988. Mexico has demonstrated that it does not need bank financing (except for the usual short-term purposes), as long as it offers foreign and domestic capital opportunities to make money.

Mexico has found that it has no shortage of capital. To what extent the investment inflows represent repatriated flight capital or new investments by foreigners is irrelevant. The expectation of a drastic improvement in the tax and monetary environment was sufficient to attract ample capital to finance a substantial trade deficit. As the effects of the new policy environment translate into higher rates of return, capital will be waiting in line at border crossings to get in.

Perhaps the most important single factor weighed into these expectations has been the standing of President Salinas himself. In the July 1988 elections Salinas took a bare majority in a three-way race. To accusations of vote fraud, Salinas promised political reform, and made good on it. The July 1989 election of a National Action Party (PAN) candidate to the governorship of the state of Baja California broke the PRI's half-century monopoly on the state capitals, establishing the PAN as a loyal right opposition to Salinas. The leftist Revolutionary Democratic Party, still preaching protection and income redistribution, has floundered. Its leader, Cuauhtémoc Cárdenas, son of one of Mexico's most beloved past presidents, has found no means to block Salinas' initiatives. The president's political reform program, which establishes multipartisan election commissions, seems sure to pass Congress with the support of the right-of-center PAN. Most important, Salinas' big congressional majority for bank reprivatization shows that the president's man-

David Goldman is senior economist at Polyconomics, Inc. in Morristown, N.J. The article is adapted from a Polyconomics report, "Salinastroika: Investing in the Mexican Revolution," a summary of the book-length study "Mexico 2000."

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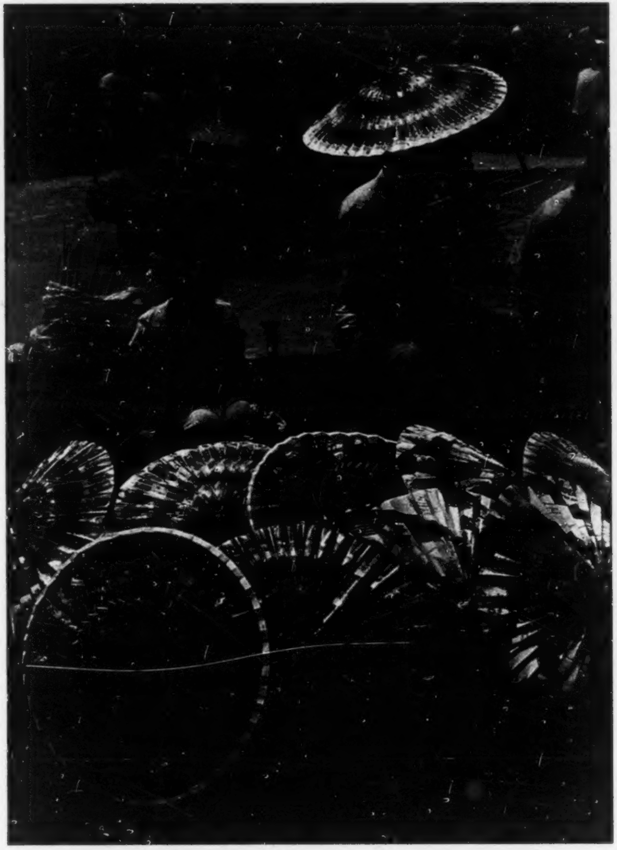
Nik Wheeler/Black Star



Sergio Dorantes/Sygma

Cough-drop-wrapper parasols and Chrysler assembly line
Informal and formal economies.

The next step will be to bring above ground the underground economy, which has kept much of Mexican growth invisible. During the 1980s Mexico's labor force grew at a rate approaching 1 million per year, while real GDP (as counted by the government) barely changed. Yet no one can find evidence of significant unemployment outside of depressed rural areas, proving that the new entrants to the labor force found jobs. A Polyconomics study concluded that the official statistics underestimated the GDP by 25% by failing to allow for the huge amount of business done off the books. Officially, the economy grew by 3% in 1989, although there are indications that figure may have been larger.

All the unreported growth took place in small businesses—perhaps 1.5 million of them—which proliferated in the so-called informal economy. The casual traveler sees part of this, in the form of tens of thousands of street-corner businessmen selling everything from tacos to electronic goods. But the informal economy includes a great deal of manufacturing as well. Our favorite story involves the chemical company president who noticed that a grocery store in a Mexico City slum was one of his firm's best customers for resins. His curiosity piqued, he sent an employee to investigate. The store was packed floor-to-ceiling with bags of resin. Each day, residents of the slum would buy a bag at a time as feedstock for hand-operated plastic presses, for the manufacturing of toys and household goods. These, in turn, were marketed at traffic lights. Hong Kong has produced no entrepreneurs more ingenious than those of Netzahualcóyotl on the northern outskirts of Mexico City.

Micro-enterprises account for only part of unreported economic activity. High taxes and a capricious and corrupt bureaucracy have forced many medium-size businesses into subterfuges, most of which involve unreported sales. Until this year the Mexican tax system granted special status to "small businessmen," who paid taxes on a bimonthly basis to state government inspectors happy to accept small bribes in lieu of taxes. The disincentive to grow, i.e., to move from nearly tax-free status to a 35% tax rate, compounded by nightmarish amounts of paperwork, was staggering. Small businesses proliferated but remained mired in the informal economy, preferring hassle-free anonymity to government-harassed growth. Small businesses were exempt from breaking out value-added taxes on their invoices but could not sell their products to bigger companies that required receipts showing the VAT. Emerging companies could not issue stock without already showing a substantial balance sheet and offering a minimum issue of about $4 million. Thus much of Mexicans' economic vitality remained bottled up. Small companies lost growth prospects, Mexico lost economic growth, and the government lost tax revenues.

During the past year the Mexican government has taken dramatic steps to set things right, with a swiftness and resolve that the Eastern Europeans ought to emulate but probably won't. The government has already taken the following steps:

1) Reducing the top marginal tax rate to 35%, the latest in a series of gradual reductions, from 60% in 1986;

2) Abolishing the special tax status of small companies, a first step toward integrating them into the mainstream economy, so they may grow and combine into larger enterprises;

3) Abolishing similar special tax status for transportation and agricultural companies;

4) Throwing out a huge number of offensive regulations, notably most restrictions on foreign investment, transportation regulations, protection of the state petrochemical monopoly and so forth;

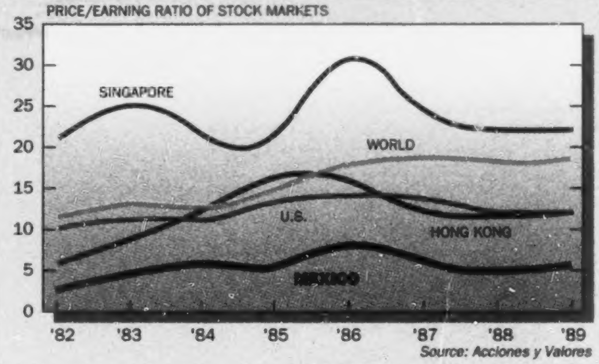
5) Eliminating most of the remaining nontariff barriers to trade, including domestic-content quotas for autos and electronics;

6) Selling off the majority of state industrial holdings (the big exception is and will remain Pemex, the nation-

al oil company).

Mexican market P/E ratio set to take off

As Mexico moves to a Singapore-like growth rate in the 1990s, the Mexican market's P/E ratio should approach 20. The market, at 8 times earnings, is a bargain.



Source: Acciones y Valores

Other things will still need to be done. A large part of the remaining inflation rate derives from the approximately 14% per annum rate of devaluation of the peso. Here, administration policy is working at cross-purposes. Senior officials are still beguiled by fears of "overvaluation" of the peso for trade purposes, and pressured by industrial groups who believe they must sell cheap.

In order to advance to higher levels of economic growth, the Mexican government must make clear to its own citizens that it has repudiated the long-held policy of diluting their unit of account for apparent short-term convenience, and that it is committed to maintaining the integrity of the currency over the long haul. This assurance is necessary to ensure that the future reward of Mexicans' investment of their present labor and capital will be fair. The reluctance of the Mexican monetary authorities to end devaluation altogether has left inflation at a still unacceptable rate.

In spite of Salinastroika, foreigners are still barred from majority ownership of mining companies, and oil exploration, development, refining and retailing remain national monopolies.

Another injurious remnant of the bad old days has not been corrected, though, and until it is, the Salinas administration will have difficulty making other reforms fall into place. Income taxes are still far too high. The top marginal rate has come down to 35%, but it applies to annual income in excess of $7,000. In the U.S., a family earning $7,000 would pay no taxes at all. Thus the incentive for small proprietors to remain off the books, and, above all, to hire tax-free labor off the books, remains tremendous. That short-circuits the natural process of growth, in which the best small companies absorb their competition and become big companies, with accompanying economies of scale. Why? Because the tax structure forces businesses to remain small and, they hope, invisible. Mexico needs a drastic reform of tax brackets, combined with 100% indexation for the effects of inflation.

Mexico's real engine of growth is its growing population, industrious and canny enough to find work for nearly everyone under the worst conditions imaginable. The population is young; in 1985, two-fifths of all Mexicans were younger than 14 years of age. If the flood tide of new labor force entrants finds employment, as it did during the 1980s, Mexico's economic growth will be among the world's fastest during the coming decade.

The grand scale of this expansion will be matched by comparable gains in productivity. The low cost of Mexican labor will rapidly diminish as an investment incentive, in favor of the efficiency and trainability of Mexican workers. The country's standard of living will climb.

Where does one invest to take advantage of Salinastroika? Mexico's to-

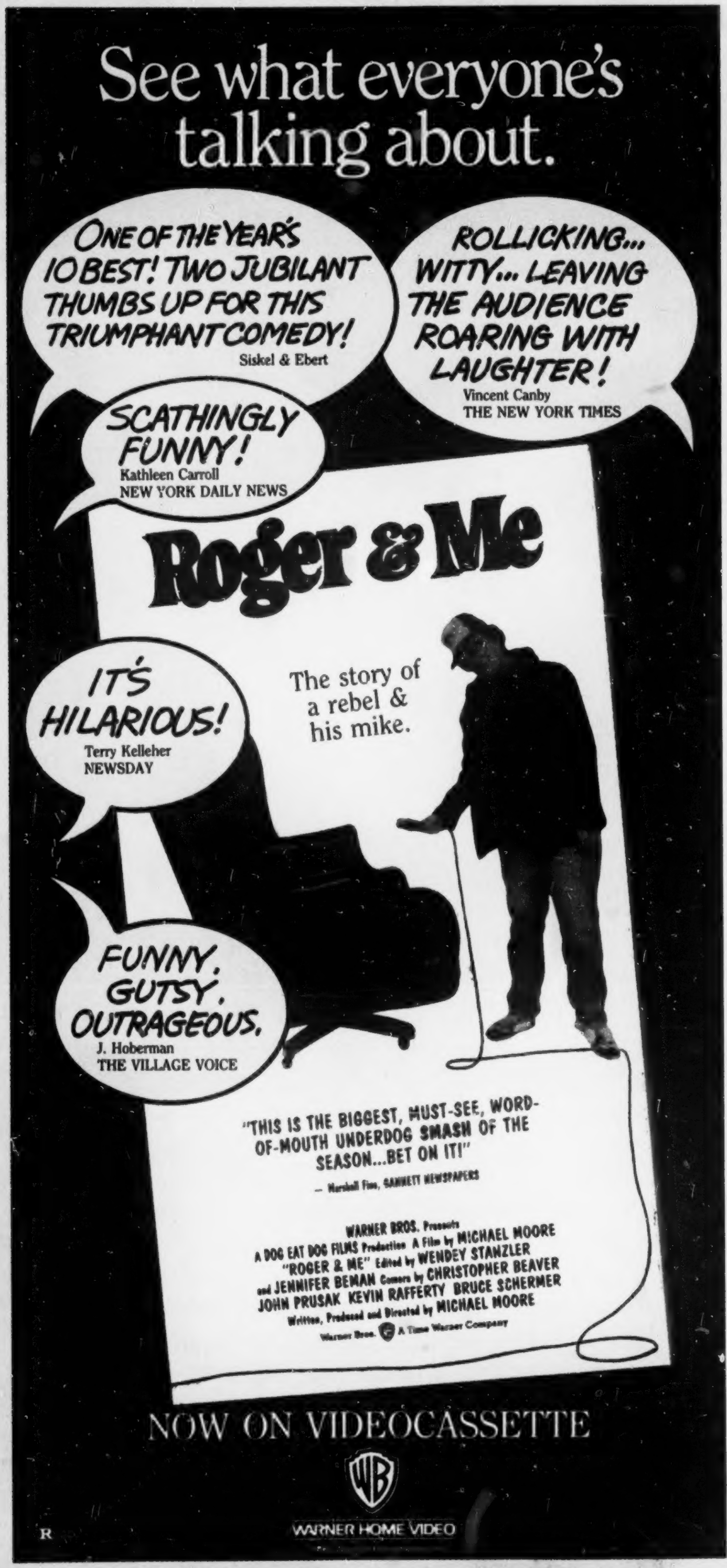
Some interesting Mexican buys

The companies listed below are market leaders in their industries. Their stocks have already moved up, but they are still relatively cheap. The potential is there for further price increases.

Company/business	Ticker symbol	1989 sales (US $mil)*	Recent price	Trailing 12-month P/E	Price appreciation for 12 months ended May 31, 1990†
Teléfonos de Mexico‡/telephone services	TELMEX	$2,090	$1.80	12	237%
Grupo Industrial Alfa/steel & petrochemicals	ALFA	2,060	8.85	5	90
Cifra‡/retailing	CIFRA	1,460	1.00	11	129
Fomento Económico Mexicano/food & beverages	FEMSA	1,280	2.00	14	40
Desc Sociedad de Fomento Industrial/chemicals	DESC	1,170	5.60	8	49
Cemex/cement	CEMEX	1,057	4.40	12	34
Vitro/glass products	VITRO	900	15.40	8	25
Industrias Peñoles/mining metallurgy	PEÑOLES	800	1.30	6	13
Grupo Industrial Bimbo/food, beverages & tobacco	BIMBO	760	1.90	12	19
Grupo Industrial Minera Mexico/mining	GMEXICO	750	2.55	9	7
Kimberly Clark de Mexico/paper products	KIMBER	670	7.60	13	62
Cydsa/chemicals	CYDSASA	600	4.30	8	17
Grupo Condumex/electrical	CODUMEX	470	3.70	12	2
Tubos de Acero de Mexico‡/steel tubing	TAMSA	297	5.50	22	9
Teleindústria Ericsson/electrical	ERICSON	280	1.90	14	138

*Average exchange rate of 2,511 pesos to $1 was used for 1989. †Adjusted for inflation. ‡Available in ADRs.

Sources: Acciones y Valores; Estrategia Bursatil; Capital Group International.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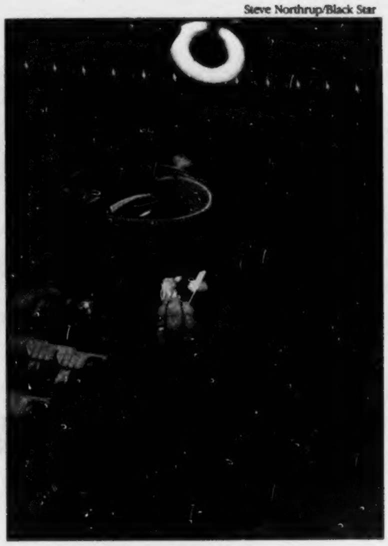


Steve Northrup/Black Star

Elamex Electronics Factory
Good jobs at home.

tal equity market capitalization is approximately $35 billion, that is, $^{1}/_{100}$th the size of either New York or Tokyo's stock market. Even after rising sharply, it still has an average price/earnings multiple of less than ten. The chart at the top of page 51 makes clear just how great the growth potential is.

Mexico can duplicate or even better the experience of the Asian "tigers" during the 1980s. Mexico's growth rate should be at least 7%, the growth rate between 1960 and 1980, and it could exceed 10%.

The Mexican stock market has barely begun to discount the growth possibilities. Its capitalization should grow at least tenfold during the next five years merely in order to accommodate the capital requirements of growing companies, and the price/earnings ratio should rise toward the vicinity of 20.

During the next year or so, most of the action will center on the reprivatization of commercial banks nationalized by President López Portillo in September 1982, along with other public companies. Much more important than the privatization of government companies, though, will be the flood of new equity offerings by small aggressive firms seeking to become big. That is where real money will be made. It will take a year or two for the trickle to turn into a flood.

Now is the time for American investors and industrialists to factor into their plans the likelihood that in the decade ahead, Mexico, thanks to Salinastroika, could easily have the fastest-growing economy in the hemisphere. ■

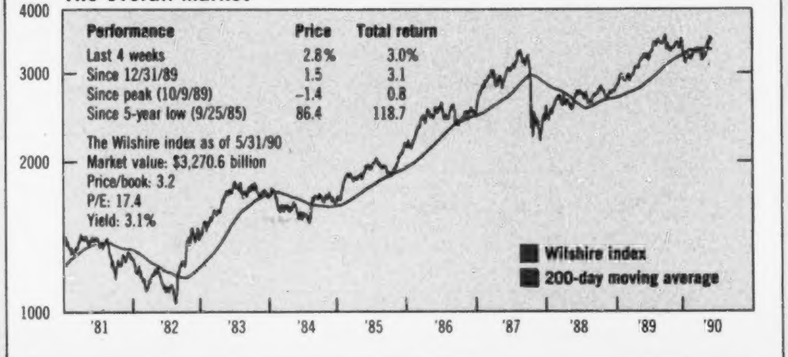
The Forbes Wall Street Review

Edited by Eric S. Hardy

Big loan writeoffs have scared investors out of bank stocks, but Anthony Polini, who follows regional banks and thrifts for A.G. Edwards in St. Louis, is not frightened. "During the next 15 or 20 months, the market is once and for all going to make a distinction between good bank stocks and bad ones," he says. Among the financial institutions Polini recommends are Bay View Capital (California), Old Kent Financial (Michigan), Mercantile Bancorp (Missouri) and Peoples Bancorp (Massachusetts). Nonetheless, bank and thrift stocks are still hitting Wall Street with some nasty earnings surprises. San Diego-based HomeFed, which fell 18% and was one of the worst-performing stocks over the last two weeks, recently announced that its nonperforming assets increased by $81 million in May.

The New York Stock Exchange is making a laudable effort to extend trading hours to take better advantage of foreign interest and to compete with so-called third-market trading (done by nonmember firms). But this comes on the heels of another announcement regarding "circuit breakers." The exchange says it may implement trading halts when the market drops too much. Closing the exchange, possibly for almost an entire day, hardly seems like the way to insure investor confidence in the liquidity of the stock market.

The overall market[1]



Performance	Price	Total return
Last 4 weeks	2.8%	3.0%
Since 12/31/89	1.5	3.1
Since peak (10/9/89)	–1.4	0.8
Since 5-year low (9/25/85)	86.4	118.7

The Wilshire index as of 5/31/90
Market value: $3,270.6 billion
Price/book: 3.2
P/E: 17.4
Yield: 3.1%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
BMC Software	29¼	22%	35	1,037	1.0
Home Shopping Network	8¼	20	NM	3,159	1.9
Cetus	19½	18	NM	6,292	2.2
Wendy's Intl	7¼	16	28	10,865	3.7
Oracle Systems	22¼	15	32	16,117	0.9

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
LA Gear	27⅜	–30%	8	12,439	2.3
Urcarco	16⅜	–21	NM	9,030	4.2
Homestake Mining	15¾	–19	63	3,568	0.9
Battle Mountain Gold	10⅞	–19	33	4,689	2.0
HomeFed	24	–18	4	2,144	3.1

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,472.55	0.7%
Wilshire index 6,000 stocks, equal weighted	22.07	1.4
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,928.22	1.8
S&P 500 Capitalization weighted cross section, major stocks	362.90	0.5
NYSE Capitalization weighted, all listed common stocks	197.98	0.5
Amex Capitalization weighted total return: stocks, warrants	364.30	0.3
Nasdaq Capitalization weighted, all issues except warrants	467.10	1.8
Amex International market index Capitalization weighted, 50 largest ADRs	316.68	0.2

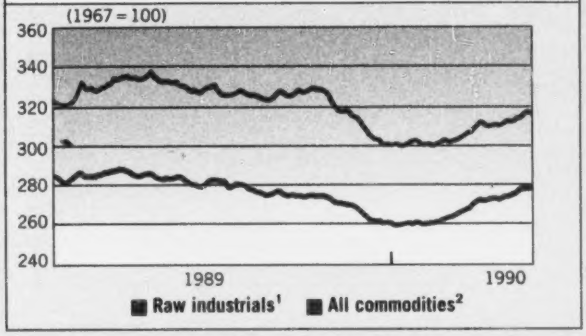
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	910.20	–1.5%
Institutional[5] Approximately 200 stocks with high institutional ownership	119.59	1.0
Individual[5] Approximately 200 stocks with low institutional ownership	106.19	1.8
Russell 2000 index 2000 stocks with small market values, capitalization weighted	170.63	1.2
Gold[6] (composite quote of 6 major dealers)	$344.75	–5.4
Yen[6] (per $U.S.)	154.13	1.1
Commodity index[6] (CRB futures index, 1967 = 100)	236.44	–2.0
Oil[6] (W Texas Intermediate)	$17.15	–1.4
T bills[6] (90 days)	7.64%	–11 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 6/14/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Average daily volume over a 2-week period. [3] Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4] Morgan Stanley Capital International Perspective. [5] For period ending 6/15/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6] Knight-Ridder Financial Information. [7] A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

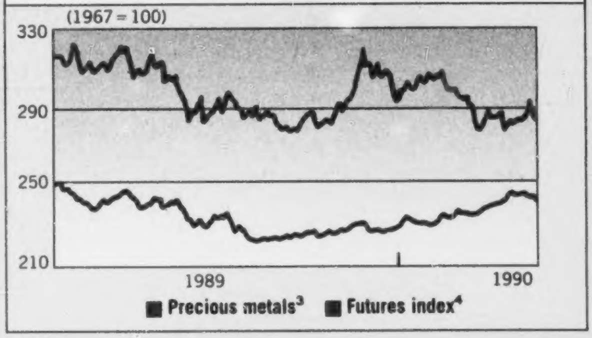
Commodities Review

Edited by Eric S. Hardy

CRB Spot Indexes



CRB Futures Indexes



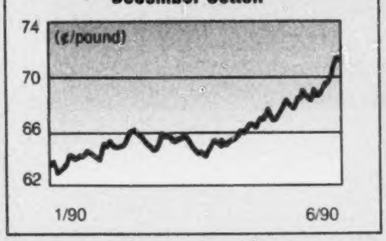
If the cost of living shoots up, commodity prices are unlikely to be the prime culprit. "There's nothing on the horizon that will result in higher inflation" in terms of raw materials, says James Nevler, who analyzes the commodity markets for the Commodity Research Bureau, a subsidiary of Knight-Ridder. The bureau's futures index is down 1% from mid-March. "I see very stable markets and ample supplies of many goods like coffee and orange juice," adds Nevler.

This doesn't mean that commodity markets will no longer be volatile or that consumers won't pay more at the retail level. Higher taxes for gasoline products in states like New York and California, for example, may nullify any savings that might result from the recent decline in oil prices. And retail prices for many products go up faster with bad news than they go down with good news.

Many precious metals have had sharp price declines so far in 1990. Gold was recently about $350 an ounce, silver under $5. Although platinum, used in automotive catalytic converters, hasn't fallen as much in percentage terms it is now trading near the bottom of its 52-week price range. Prices of base metals, such as zinc and copper, have held up well, while tin has fallen 10% in the year to date. This weakness in commodity prices supports those who believe the Fed is feeling confident enough to ease up on interest rates *(see story, p. 66)*.

Commodity Spotlight

December Cotton[5]



There has been too little rain in south Texas, and too much in Missouri. Both conditions may help cause the summer cotton crop to be smaller than originally estimated. According to the U.S. Department of Agriculture, cotton exports are at a ten-year high and inventories at a six-year low. As a result, cotton has been one of the strongest commodities in the futures market.

Cash and Futures Prices

Spot Indexes			Futures Indexes		
Index[6]	**Value**	**3-mo change**	**Index[6]**	**Value**	**3-mo change**
All commodities	275.36	3%	**CRB index**	235.46	–1%
Raw industrials	317.04	4	**Precious metals**	273.47	–8
Metals	311.88	6	**Industrials**	247.29	–2
Textiles	261.10	6	**Grains**	201.44	1
Foodstuffs	224.46	2	**Livestock & meat**	234.63	10

Spot Commodity Prices			Futures Prices		
Commodity	**Price**	**3-mo change**	**Commodity**	**Price**	**3-mo change**
Steel scrap (short ton)	$114.00	16%	**July platinum** (troy oz)	$476.00	–7%
Copper scrap (pound)	0.87	–5	**Aug crude oil** (barrel)	17.59	–15
Print cloth (sq yard)	0.74	6	**July copper** (pound)	1.12	–2
Corn (bushel)	2.76	13	**July cotton** (pound)	0.81	12
Soybean oil (pound)	0.25	7	**July Chi wheat** (bushel)	3.28	–4

Notes: All prices as of 6/15/90; graphs as of 5/31/90. [1]Comprised of 13 commodities. [2]Comprised of the 13 raw industrial commodities plus 10 foodstuffs. [3]Gold, platinum and silver. [4]Comprised of 21 commodities. [5]Prices from 1/1/90 through 6/8/90. [6]Base for spot and futures indexes (1967 = 100). Source: Knight-Ridder Commodity Research Bureau.

THE FORBES INTERNATIONAL 500 SURVEY
AIRBUS INDUSTRIES' THREAT TO BOEING

C3950-1

JULY 23, 1990
THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

He's worth $16 billion

THE WORLD'S BILLIONAIRES

She's worth $2 billion

$ The Score: Americans 99 Japanese 40 Germans 38 Chinese 15 Others 79 $

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JULY 23, 1990
VOLUME 146
NUMBER 2

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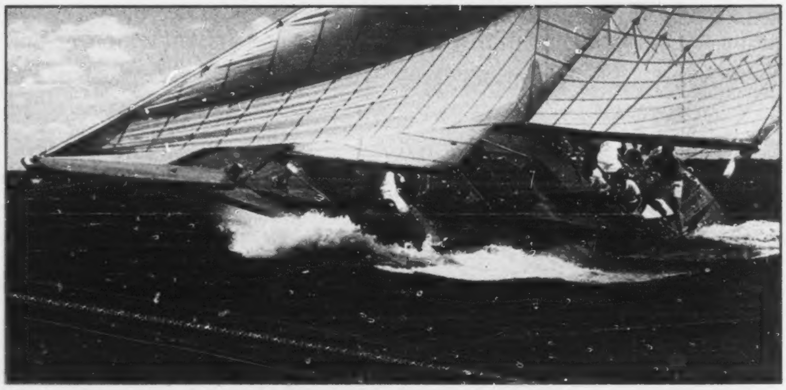

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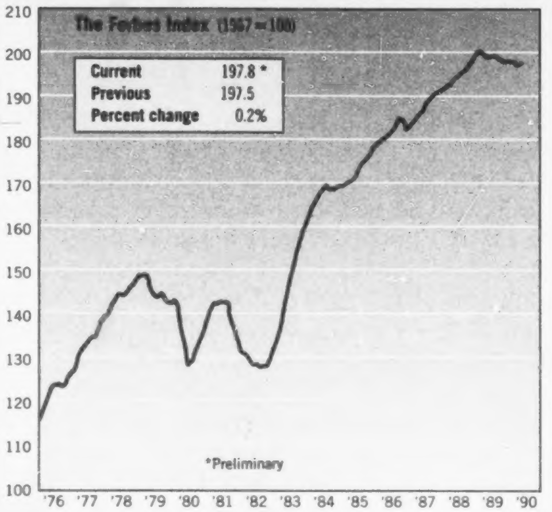
The Forbes Index



The rate at which Americans put their income into savings reached its highest level since 1982. While personal income was up 0.4% in May, consumers saved 6.2% of their aftertax income. This is almost twice the 3.2% annual savings rate in 1987. At the same time, there are signs that the manufacturing sector is rebounding. During May durable goods orders shot up 3.9%, while industrial production increased 0.6%. What's weak? The housing sector: New housing starts are up 1% from April, but this is the lowest May result since 1982.

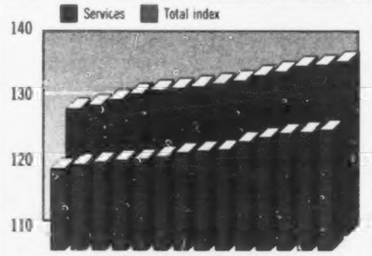
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	–5.1%
Index of leading indicators May vs. April	Dept of Commerce	0.8%
Trade balance 12 months ended April 1990	Dept of Commerce	–$106 bil
Producer price index May vs. 1989[2]	Dept of Labor	3.1%
GNP 1st quarter vs. 4th—annualized growth	Dept of Commerce	1.9%†
NBER Experimental Recession Index[3]	Nat'l Bureau of Economic Research	7.0%

[1] U.S.- based manufacturers, excludes imports, as of 6/20/90. [2] Finished goods. [3] May 1990. †Revised

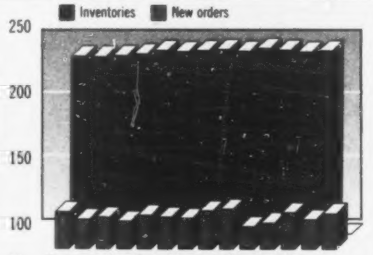
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

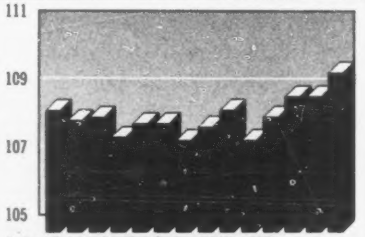
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



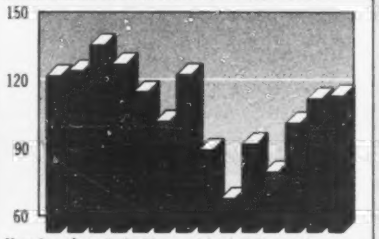
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



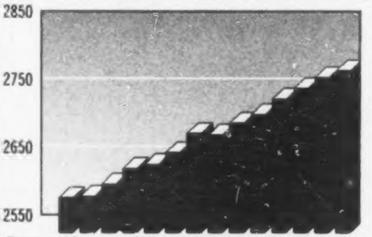
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



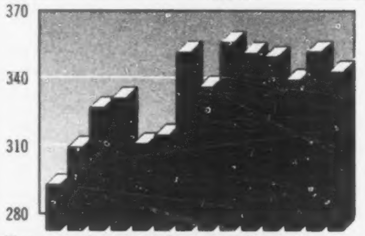
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



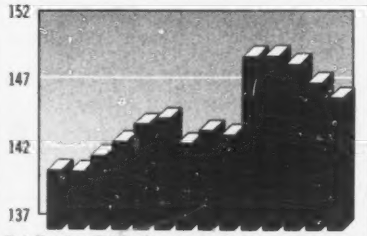
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



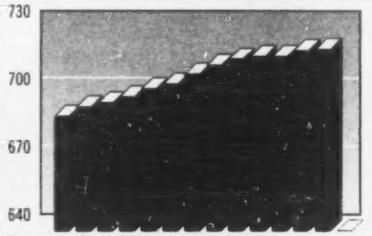
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

A M J J A S O N D J F M A M
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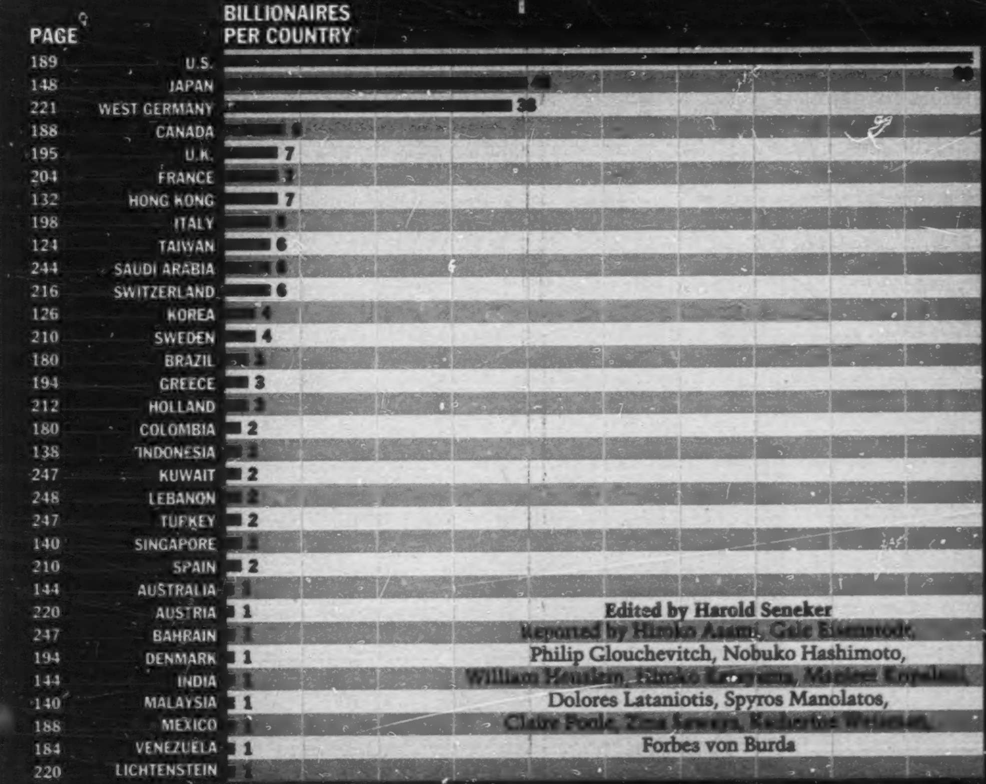
1989 1990

THE WORLD'S BILLIONAIRES



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Forbes von Burda

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* Plus the Aga Khan, Citizen of the World.

As the biographies that begin on page 124 show, the world is full of fascinating billionaires. But relative to their populations, neither the U.S. nor Japan has created as many billionaires as has West Germany.

The long ascent from Stunde Null

By Richard C. Morais

EVERY YEAR an intriguing pattern emerges from the hunt for billionaires. In 1987 what jumped out from the list was the large number of Japanese individuals who owned extraordinarily expensive land. In 1988 the list was heavy with Europeans who had amassed fortunes in postwar Europe's growth industries: retailing and distribution.

What pattern stands out this year? The number of billionaires West Germany has created.

With the considerable assistance of our new German sister publication, *!Forbes von Burda*, we have identified 38 billionaire families in West Germany (their profiles begin on page 221). For Japan the number is 40; for the U.S., 99. But remember: West Germany has half as many people as Japan, and one-quarter as many as the U.S. Per capita, West Germany has created far more billionaires than either Japan or the U.S. And has done so with remarkable speed.

Consider Germany's *Stunde Null,* the Zero Hour, when in the summer of 1945 the country took stock: 3 million homes destroyed; 8 million refugees from the East in makeshift shanties in the rubble; a daily ration of just 700 calories per person; meals of boiled turnip and potato; a bankrupt Reichsmark; a black market economy running on barter.

Today the 38 wealthiest German families could, if they were so inclined, gold-plate every square meter of Germany's extensive autobahns—including the gas stations and off ramps.

The country's economic recipe is well documented. The basic ingredients were the Marshall Plan, economic liberalization under Ludwig Erhard in 1948, monetary and political stability, a strong work ethic.

But there is a lesser-known yet equally important reason for Germany's success at creating billionaires. It's called *Der Generations Vertrag*—the contract between generations.

At the root of this intense wealth creation is the German's near religious reverence for the family business. If German children are expected to take care of their parents in old age, the parents are under even more pressure to leave an inheritance.

It's the law. Germans must leave the bulk of their wealth—even against their will—to immediate family. The industrialist who leaves $1 billion to three sons, disinheriting black sheep son number four, knows the black sheep can take the estate to

AP/Wide World

Frankfurt, West Germany, March 1949

Just after Erhard's great liberalization, a breeding ground for billionaires.

court and almost certainly win a $125 million share.

West Germany's inheritance tax system, too, encourages the passage of family wealth from spouse to spouse and from parents to children. The children and wife must pay, at most, just 35%; the nephew or girlfriend is taxed at up to 70%. Inherited land gets an even better break: The son or daughter will pay maybe $5 million on real estate with a market value of $100 million.

For estate planning reasons alone, then, it made perfect sense for Max Grundig, who died last year at 81, both to marry Chantal, now 41, and to father another child—Maria Alexandra, now 10—by her *(see p. 221)*. Young Maria and her descendants are the principal beneficiaries of a foundation set up solely to sustain Grundig offspring.

Or consider 86-year-old Erich Brost *(see p. 234)*. A Socialist Party lawyer, Erich Schumann, 59, is running Brost's WAZ media group. In 1985 Brost legally adopted Schumann, who was 54 at the time of his adoption. The legal paperwork will cut in half estate taxes on Schumann's share.

In the U.S., the crowning glory of a career may be listing the family-built company on the New York Stock Exchange. In the $1.3 trillion German economy, there are just 492 publicly traded companies. In large part, that reflects the clannish desire to maintain family control. "The families want the continuity," says Heidemarie Sherman, senior economist at the IFO Institute for Economic Research. "They want to groom a member to take over the family business."

Even many of Germany's self-made billionaires inherited their start in life. Publishing magnate Reinhard Mohn *(see p. 234)* built his Bertelsmann empire out of the tiny Bible publisher he inherited. The Albrechts *(p. 228)* and Leibbrands *(p. 232)* built their supermarket chains out of mom-and-pop stores they were bequeathed.

"If you do not take over the family business, there probably is something wrong with you," says Rolf Dienst, president of Matuschka Group, a Munich-based investment bank. "Your father was probably not happy with you. It's a big disaster if the family does not have a successor."

How different from the U.S., where most parents are usually careful not to pressure their children into the family business—for the good not only of the children but of the business (and other relatives) as well.

There is a less salubrious aspect of the German way of creating billionaires. While helping to keep a business in the family, deciding not to sell equity to the public cuts the business off from what can be very attractively priced capital.

As bad if not worse, the pressure to groom a bloodline heir can easily crimp the flow of the best managerial talent into the business. Sometimes the heirs are extremely capable. Direct mailer Michael Otto *(p. 226)* has enriched the family enterprise. But they can also be disasters—Friedrich Karl Flick *(p. 238)* was for years criticized for his neglect of day-to-day business.

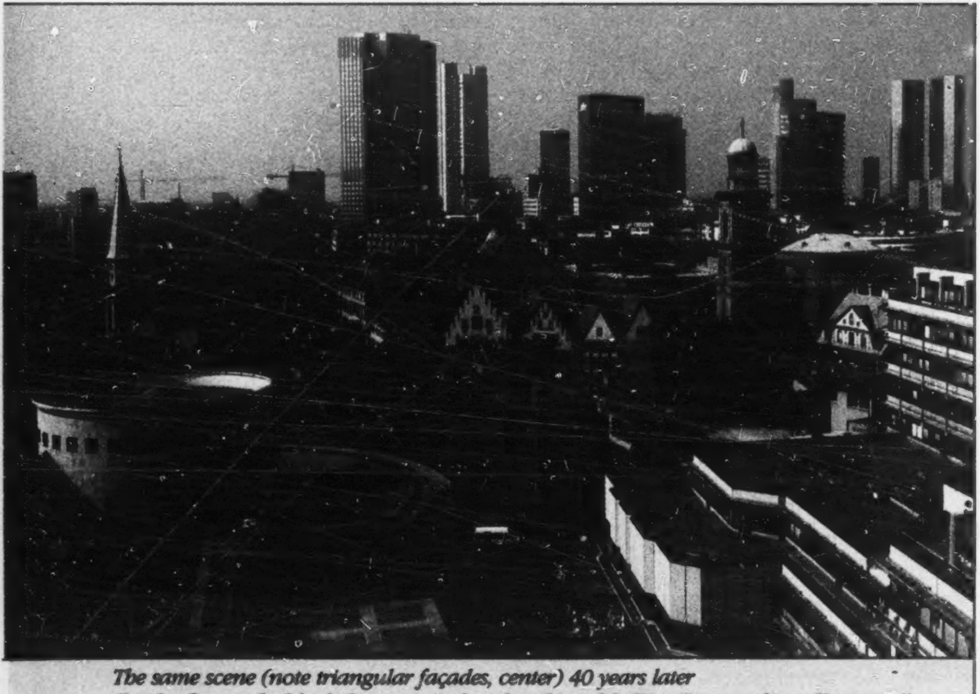
Some West Germans believe that concentrated individual wealth in their country is a transitory phenomenon. Before the recent influx of penniless East Germans, West Germany's population had been declining. Observes Meinhard Miegel, director of IWG, a Bonn-based think tank: "The first phase of a declining population is a very fast increase in material wealth." Imagine two households with one child and one house each. The children marry and build their own house. When their parents die, they wind up with three houses—a trend that cannot go on very long.

"If you go through downtown Munich, you will see sitting in cafes what we call the *Schickeria,*" says Sherman at the IFO institute. "These are the young people who inherited two apartment buildings in Munich. They never worked. They graduated from high school, maybe, and now they are collecting rent, living very nicely. It's a new phenomenon in Germany."

Miegel adds: "As soon as someone starts enjoying his wealth, that's it, he's finished. The first generation is hungry, the second preserving, the third easygoing, the fourth is wasting. We are entering the easygoing stage; we're not yet into wasting. Which means we are programming stagnation, not today or tomorrow, but in the foreseeable future."

To date, FORBES has identified 271 businessmen and families on this increasingly prosperous planet who have made and/or kept $1 billion or more. The billionaires profiled in this issue are all from outside the U.S. The American billionaires, listed briefly on page 189, will be described more fully in the annual Forbes Four Hundred special issue, to be published in October. ■

H.P. Merten/Stock Market



The same scene (note triangular façades, center) 40 years later

To the forces behind the economic miracle, add "Der Generations Vertrag."

ASIA

TAIWAN

Y.C. WANG

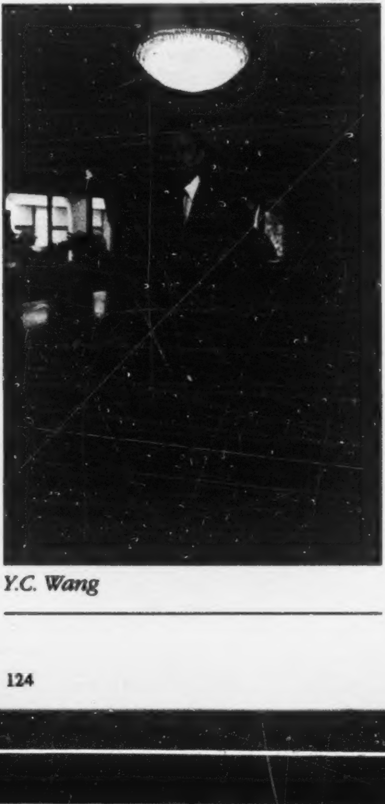
Why Wang went to China

Wang caused a major ruckus this year when he visited the mainland to talk about building a huge plant to produce ethylene, a basic building block for plastics. Even though indirect mainland investments now total an estimated $1 billion, the Taipei government has forbidden Taiwanese to invest in such strategic industry on the mainland. Moreover, Wang, 73, had been a longtime opponent of investment on the mainland.

So why did Wang cross the Formosa Strait? He did it for the same reason he's investing $1.7 billion in the U.S.: He's up against brutal growth limits in Taiwan, which is in a political uproar over pollution. The government has put a production lid on its Chinese Petroleum Corp., Wang's only Taiwan supplier of ethylene for his giant (annual sales, over $6 billion) Formosa Plastics Group.

Wang can't import ethylene because it's too dangerous to ship (it explodes). But he needs more low-cost capacity to maintain market share, even though the prospects for growth in ethylene-supplied businesses are grim over the next 2½ years.

Ed Kashi



Y.C. Wang

Ah, but the Communists love him. They want a gigantic $5 billion complex, along with all the downstream petrochemical processors, which have to be near the ethylene plant because of transportation dangers. It's a strategic industry Taiwan can ill afford to lose. That makes it a good bet Wang's trip was just a ploy to pry more ethylene production out of Taipei. Sources insist Y.C. will never build on the mainland without at least the tacit consent of Taipei—which is earnestly saying no.—**William Heuslein**

KOO FAMILY

Poised to profit (again)

As capital export controls liberalize and Taiwanese money moves overseas, the long-established Koos are preparing to profit. Already, in the 1990 first quarter, net outflows were over $3 billion. Expect a lot of that to land over here: China Trust Chairman Jeffrey L.S. Koo is planning to add several U.S. branches to China Trust Bank, the Koos' New York presence, and a representative office in London.

Back on Taiwan, the government is moving to permit private commercial banks. The well-connected, politically adept Koos are in line to get one of the hotly contested licenses. (As a trust company, China Trust now cannot take checking deposits or make short- or long-term loans.) For Jeffrey Koo, 57-year-old New York University M.B.A., the strategy is to tap Taiwan's growing financial sophistication with ever-broader financial services. China Trust, with 1989 pretax earnings of $103 million, likely will also go public this year.

The main family holding company, Koo Development Corp., includes interests in cement, petrochemicals and shipping, among other things. In January a consortium led by the Koos acquired the U.S.' Wyse Technology for $160 million.

亞太商工總會
榮譽會長濂松

Jeffrey L.S. Koo

Excellence Magazine

Connected? Jeffrey's uncle, Koo Chen-fu, 74, is an adviser to the ruling Kuomintang and a central standing committee member. Jeffrey is an adviser to Premier Hau Pei-tsun. Do business in Taiwan, and you're likely to meet the Koos—and soon, maybe here as well.—**William Heuslein**

CHANG YUNG-FA

Flight capital, floating assets

Chang's Evergreen Group, the world's largest container shipper (1989 shipping revenues, at least $1.3 billion), is well into its biggest diversification ever: With permission to begin Taiwan's second international airline, Evergreen has $3.6 billion of Boeing and McDonnell Douglas aircraft on order for its EVA Airways Corp. unit. EVA will compete against state-managed China Airlines and begin flying Taiwan-Southeast Asian routes next year.

Service to Japan and the U.S. will begin later. But the route 62-year-old Chairman Chang wants most doesn't yet exist: the direct Taiwan-mainland-China service.

Evergreen Marine Corp., Chang's major shipping unit, is also expanding despite a 37% drop in net income last year, to $63 million, allegedly due to

Chang Yung-fa

Ed Kashi

overcapacity and price-cutting. Five new containerships are planned. The Uniglory Marine unit plans to add four. Chang's considering financing part of this with $200 million of convertible bonds for the Euromarket—a first for him, and investors are wary of Far East debt now. Obviously Chang thinks the overcapacity is in competitors' hands.—**William Heuslein**

HSU FAMILY

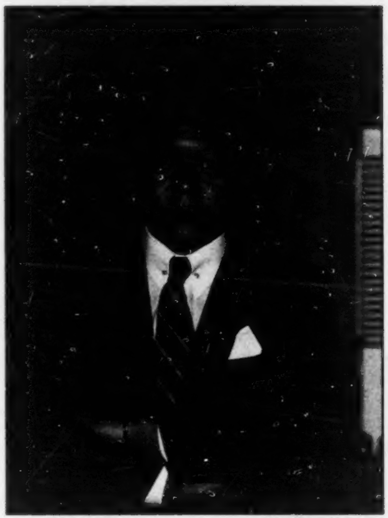
Coping with limits

The Hsus' Far Eastern Textile Group has been following the Taiwanese trend of moving manufacturing off the island into the rest of Southeast Asia.

The group's synthetic-fiber division has been one of its big moneymakers. Taiwan's limited domestic supplies of petrochemical-based raw materials hurt synthetic-fiber production at home; so do ever-rising labor and overhead costs. So the Hsus now have a controlling interest in a major Philippine producer. Far Eastern is said to be looking to buy a North American source, too. To finance expansion, it's considering turning to the Euromarket with a $100 million convertible bond offering.

Behind all the moves is Douglas Hsu, a Columbia grad and son of founder and chairman Y.Z. Hsu. The elder Hsu ran a small Shanghai knitting factory but fled to Taiwan in 1949 with Chiang Kai-shek. Diversification began in the late 1950s. Last year the textile conglomerate chalked up sales of $3.4 billion.

Far Eastern's retailing company is Taiwan's top nationwide department store chain, and had record sales last year of $394 million. With foreign retailers moving into Taiwan, some analysts say Hsu should be expanding stores more aggressively. But Douglas knows there are limits to expansion: Far Eastern, like the other Taiwanese conglomerates, is learning that the island's overheated economy cuts both ways.—**William Heuslein**



Douglas Hsu

Excellence Magazine

Very big, China

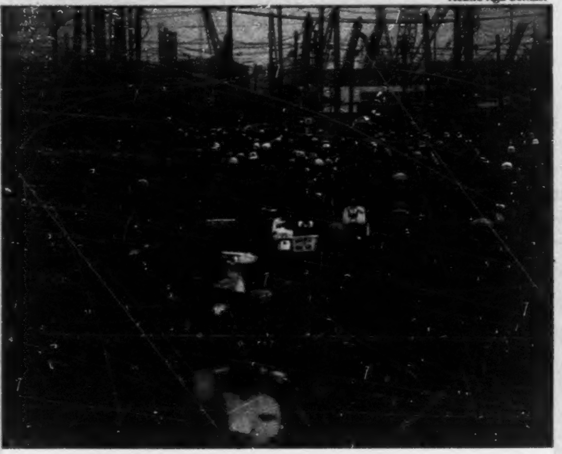
In 1987 Taipei eased foreign exchange controls a bit, but until very recently it didn't much matter. Money chased opportunity at home until the island sloshed in liquidity. Blue-chip stocks sold at 200 times earnings; real estate went just as crazy.

But this spring the stock market collapsed—a 200-P/E stock became a mere 150-P/E stock, then less. Property fell, too, as the island's excess liquidity began to evaporate. Last year there was a net capital outflow of $8.2 billion; much more is going this year. The costs of capital and labor are rising, the local currency is falling and general fears of pollution are slowing or halting industrial expansion *(see Y.C. Wang)*. Crime, especially kidnapping, is on the rise. There are political uncertainties, too, as the old Kuomintang order gradually gives way to an ill-understood new one. Moaned one Taiwanese source to FORBES: "The investment environment in Taiwan is ruined."

So the businessmen are looking beyond the island. Some go to the U.S. *(see the Koo family)*. More go to less expensive Southeast Asia, where Taiwan is now a major investor in virtually every country, often in the old-line, labor-intensive industries Taiwan grew fat on. Rather than try to stem these capital outflows, Taiwan's central bank is moving to offer businesses foreign exchange loans.

The greatest potential is investment in mainland China. There, Taiwanese investors sense a familiar opportunity: cheap currency, cheaper labor, promises of credit—and a government that will brook no social upheaval, nor trade much growth for environmental purity. Taiwanese businessmen like Wang probably figure China could be like the good old days in Taiwan again, only bigger. Much bigger.—**William Heuslein**

Heimo Aga/Contact



Rush-hour traffic in Kaohsiung, Taiwan
Dirty-air constraints on growth.

TSAI FAMILY

What next?

The Tsais could use a new investment idea. Up until now, plays on astronomically priced Taiwan real estate have been a big kicker for life insurance companies in Taiwan, especially the largest—Tsai Wan-lin's Cathay Life (assets under management, $7.2 billion), of which Tsai owns 65%. But the Taipei legislature is working on a new law that's expected to cut the percentage of assets insurance companies can invest in real estate to 25% from 33%. It's yet another move to reduce the head of investment steam in Taiwan real estate.

Excellence Magazine

Tsai Wan-lin

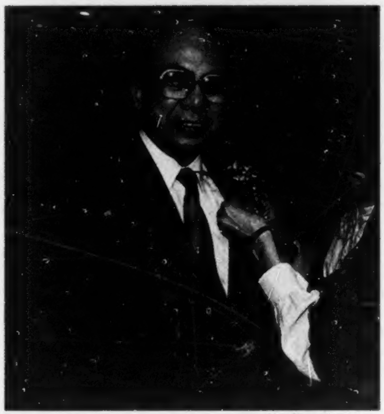
Until now, everything's been great for Cathay Life. About five years ago, when prices were in a trough, Cathay had the cash to pick up bargains. And Tsai did so with enthusiasm. Cathay continues to grow strongly: Premium income rose to $2.4 billion last year from $1.8 billion in 1988—over 50% of the market. And Taipei has started to allow some U.S. companies in.

Yet there are signs of caution. Cathay Construction—Tsai owns 60%—is Taiwan's largest nongovernment construction company. But its growth has slowed because it apparently has not been replenishing its own land bank. Could be the Tsais are too busy looking for the next major opportunity.—**William Heuslein**

DR. SHI H. HUANG AND FAMILY

There was a doctor in the house

In 1978 the Chinese neurosurgeon at Washington University and the V.A. Medical Center in St. Louis got a call from Taiwan. His father was dying and the doctor was needed to take over the family business—one of the largest producers of motorcycles and automobiles on the island. Dr. Shi H. Huang had trained in neurosurgery, not motorcycles, and practiced for a quarter-century in Japan and America. But the Confucian ethic of duty to family is strong. So to motorcycles he went.


Shi H. Huang

Excellence Magazine

Back in Taiwan, he found himself not just burying his father but in a power struggle with his father's old cadre of executives. It was brief: They knew the ropes, but he had control and forced them out.

Today, Dr. Huang, 64 and a new member of the billionaire class, is 12 years into his second career and running one of Taiwan's largest industrial and investment groups. Holding company Ching Fong Investments' interests range from making and selling Honda cars and motorcycles (under exclusive license) to financial services and trading. Privately held San Yang Industry Co. (the Huang family owns around 65%) makes the Hondas; 1989 net profits were $73 million. Nan Yang Industries is the main distributor: It earned $22 million.

Ching Fong also controls $2.2 billion (1989 assets) Cathay Investment & Trust Co., Ltd. Cathay got caught in the notorious Tenth Credit Cooperative banking scandal that shook Taiwan's banking system. In 1985, with Cathay near collapse, the government stepped in. Three years later it persuaded Huang to take over Cathay. He holds 50%; in 1989 it made $98 million. Ching Fong also has interests in construction, high technology and venture capital. It all traces to Shi Huang's father, C.C. Huang, who started a 10-person factory for bicycle lighting sets in 1954. Honda motorcycles came in 1962, and cars in 1969. But it was C.C.'s son, not his factories, that proved his most valuable asset.—**William Heuslein**

KOREA

CHUNG JU-YUNG AND FAMILY

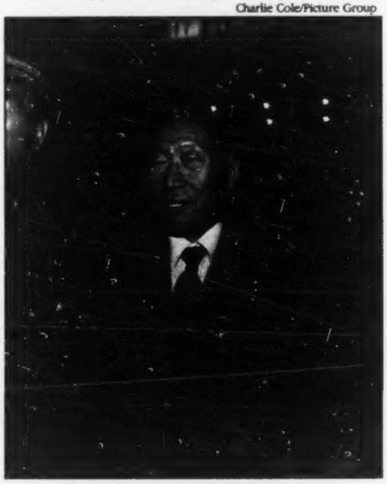
Modern times

Hyundai in Korean means "modern times." For Chung's Hyundai, Korea's second-largest *chaebol* (conglomerate), modern times has meant labor trouble, but things may be looking up. In this year of tougher government policy and a less robust economy, Hyundai's labor conflicts have been considerably milder than in any of the last three years. Settlements came fast, amounted to a relatively modest 7.5% increase, and much less production was lost.

Hyundai's unions are the largest in the country and its management one of the most unyielding. Honorary chairman and founder Chung Ju-yung, 74, who started Hyundai after World War II, forged the sprawling group with an iron fist. The paternalistic Chung ruled (as opposed to managed) Hyundai's work force. Nominally retired, he still runs the show behind the scenes. But the rise of the labor movement in Korea has cut deeply into his ability to rule.

This is especially important now, when Hyundai is facing tougher international competition in a tougher economic environment and is making an important push into petrochemicals. Traditionally, the government lets a few companies into a new industry, then closes the door and gives the lucky ones preferential treatment. Evidently, the Chungs badly want in,

Charlie Cole/Picture Group


Chung Ju-yung

badly enough to live with expected short-term overcapacity—eventually, they figure, growing demand would outpace permitted supply. But it all adds up to more pressure to keep down current costs like wages.

Considering this volatile mix, Hyundai's relatively tame settlements—in line with other *chaebol* experience—look like a good augury for Korea.—**William Heuslein**

KOO FAMILY

Power plays

The Koos, along with their relatives by marriage, the Huh family, have a lot of rethinking to do at their Lucky-Goldstar Group. Especially dependent on exports, the group is suffering from the cheaper yen (competing Japanese goods are more attractive) and rising Korean labor costs. Lucky-Goldstar has catching up to do on R&D, product development and improving its manufacturing. L.S. Hwang, of Prudential-Bache Securities in Seoul, worries about "the investment willingness of Goldstar to survive as an electronics company in the more turbulent 1990s."

Koo Cha-kyung

The group's other pillar is petrochemicals, in which it is Korea's biggest. But Seoul is opening the petrochemical industry; overcapacity looms in a key profit producer.

The Koos brought in McKinsey & Co., which apparently recommended emphasizing services rather than manufacturing. But perhaps as important, it recommended pushing decision making further down the line. This means assorted Koos and Huhs would have to delegate power. Currently, power revolves around Chairman Koo Cha-kyung, 66, eldest son of the group's late founder; he has been turning control over to his own eldest son, Vice Chairman Koo Bon-moo, 45. The Koos and the Huhs are not following the McKinsey power-delegation proposal entirely, a decision they may come to regret.—**William Heuslein**

LEE FAMILY

Keeping up with Jones-san

The Lees' Samsung Group is Korea's biggest, best-regarded *chaebol.* It hires carefully, has a reputation for top pay and has the fewest labor problems of the major *chaebol.* But Samsung is striving to catch up with its Japanese competitors as it, like the rest of Korea, moves from labor-intensive businesses into high-tech, capital-intensive manufacturing. Among other things, Samsung has become one of the top four producers of memory chips in the world.

Samsung is seeking cheaper capital, which means looking overseas. It has had to borrow at around 16% in the local market, whereas Japanese competitors borrowed at 7%. As one source puts it, "That's killing them."

Samsung Electronics, one of the stars of the group, has long planned an international bond issue. But the Tokyo crash, Korean labor unrest, a coming Euromarket oversupply and knowledge that Korea plans to open up much more to direct investment in 1992 have weakened demand. Samsung's price now would not look good compared with rival Hyundai, which borrowed at very favorable terms in February. Rather than lose face, Samsung postponed its issue.

Running Samsung (Korean for "three stars") is late founder Lee Byung-chull's third son and handpicked successor, Chairman Lee Kun-hee, 48. Influenced by Japan, where he was educated, Lee has a lot of investment planned, especially in R&D. He is determined to make Samsung competitive with Japan. —**William Heuslein**

SHIN KYUK-HO, a.k.a. TAKEO SHIGEMITSU

Accumulate at leisure

Shin's sprawling $1 billion complex near the Olympic Stadium in suburban Seoul is a monument to the rise of the Korean consumer. It houses the world's largest indoor amusement park, plus hotels, a sports center, department stores and scores of shops.

Shin's Lotte Group starts construction this year on a new hotel and shopping complex in Pusan, Korea's second city. And he's awaiting approval on a 100-story hotel/leisure complex next to the mammoth Lotte World in Seoul. Like Henry Ford, Shin has run ahead of the trend to shorter work weeks, higher real wages and greater disposable income. Leisure- and consumer-oriented businesses bulk ever larger in Korea's economy.

Korean-born Shin, 67, started his estimated $7 billion to $8 billion fortune in Japan, where he uses his Japa-

H. Edward Kim

Lee Kun-hee

Shin Kyuk-ho

Zaikai

nese name, Takeo Shigemitsu. An aspiring novelist turned engineering student, he built on his post-World War II success in chewing gum by expanding into confectioneries, and invested much of the profit in extensive real estate holdings. In 1967, after diplomatic relations between Japan and Korea were finally normalized, Shin launched a Korean version of his thriving Japanese empire.

Though now one of the ten largest Korean business groups, Lotte doesn't follow the pattern of the all-embracing *chaebol*. His consumer, petrochemical and real estate empire is a multibillion-dollar bet that Korea, too, will be a rich, first-world nation.—**William Heuslein**

HONG KONG

ROBERT MILLER

Duty free croppers

Just when Bob Miller and his partner Chuck Feeney thought they'd gotten the patent on duty free shopping success, the chemistry changed. The two American entrepreneurs are 40%-apiece owners of Duty Free Shoppers Group Ltd.; with over $2.5 billion in sales from around 160 duty free and duty paid airport and downtown stores in the U.S., the U.K. and the Pacific, it's the world's largest retailer of its kind. (Feeney is a U.S. citizen and appears in the Forbes Four Hundred; Miller holds a British/Hong Kong passport and lives in Hong Kong.) Their shrewd assessment of Japanese gift-buying psychology, backed by the strong yen and virtual monopoly concessions in prime locations, assured profit margins of up to 20% in the past.

Robert Miller

But lately the yen has dropped; this and reform of Japan's sales tax have narrowed the gap between overseas and domestic prices to Japanese shoppers. The competition's catching up, too. In 1989 DFS lost the bidding for the San Francisco airport concession to U.K.-based Allders International. In 1988, DFS grossly outbid competitors—by about $700 million—to hang on to Honolulu, the most prestigious duty free spot of all. Late last year DFS did a smaller but expensive repeat in Singapore. A longtime former employee of DFS says overbidding has reduced DFS' margins; he says they are under 10%.

Meanwhile, nations like Taiwan and Korea now want to operate their duty free concessions themselves. DFS has started going partners—in Hong Kong and Singapore, for instance—and is looking to become suppliers to the ones it can't own.

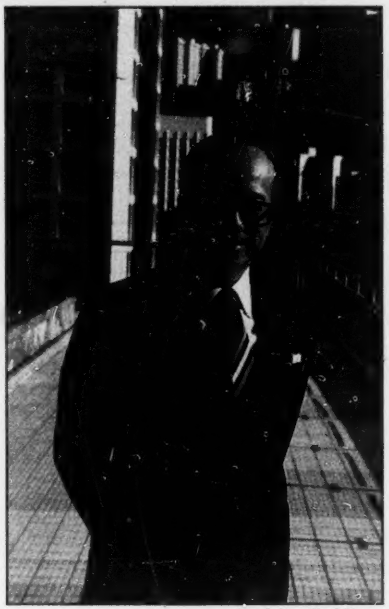
By now, Miller has built up big investments outside of DFS. A dapper 57, he lives flamboyantly with his wife and two daughters in a lavish home on Hong Kong Island, playing with investments in the PRC, real estate and banking in Hong Kong.—**Manjeet Kripalani**

LI KA-SHING

Doing the Hong Kong Shuffle

Li is planning for a future with—or without—Hong Kong. His publicly traded Hutchison Whampoa Ltd., one of the colony's oldest hongs (trading houses), plans to gradually reduce total investment in Hong Kong from the current 80% to 50%.

So maybe Li wasn't so disappointed when Hong Kong's cable TV monopoly went to competitor Sir Y.K. Pao—especially since Li's Hutchison is developing AsiaSat, a joint venture with Hong Kong Telecom, a subsidiary of the U.K.'s Cable & Wireless, and Citic (China International Trust & Investment Corp., Beijing's investment vehicle), due to launch this year and broadcast to all of Asia. The People's Republic may own a piece, but the satellite will be high overhead, not in Hong Kong.



Li Ka-shing

Lincoln Potter/Stock House

Y.K. Pao and Li Ka-shing will probably bang heads again come 1995, when the telephone monopoly comes up for bid. Li's Hutchison Telecom already controls half of Hong Kong's cellular and paging market. But it also has paging interests in Australia.

Hutchison Whampoa, the first hong to be taken from *queillo* (foreign) hands, made Li Hong Kong's first Chinese taipan. The man who at 13 was peddling plastic toys and working the night shift now, at 62, controls a net worth of over $1.2 billion.

All of Hong Kong is watching its shrewdest businessman, who is investing personal assets (outside his public companies) overseas. Both sons are Canadian citizens. Stanford-educated Victor, 27, spends half his time in Vancouver, where he helped engineer the $275 million acquisition of 204 acres of the 1986 Expo site. Keep an eye on him.—**Manjeet Kripalani**

SIR YUE-KONG PAO AND FAMILY

Red sails in the sunset?

Last year Sir Yue-kong Pao sold his 10% holding in Britain's Standard Chartered banking group at a reported loss of about $100 million. He also sold his 38% stake in the regional airline Dragonair. He has turned over management of day-to-day operations at his empire to his two sons-in-law,

Sir Y.K. Pao

Lincoln Potter/Stock House

Peter Woo and Helmut Sohmen. Publicly owned World International and Wharf Holdings are looked after by Woo. Sohmen runs World-Wide Shipping, Pao's 200-vessel private shipping company, reputed to be the world's largest.

The U.S.-educated Woo, a former banker like his father-in-law, is on the move. He's building an office-retail complex on Hong Kong's so-called Times Square. And a consortium dominated by Wharf Holdings won the $700 million franchise for Hong Kong's first cable television network, over Li Ka-shing *(see above)*.

But Woo is hedging with investments elsewhere: In April Wharf paid $165 million for a plum property on Singapore's Orchard Road. Wharf manages 39 Omni Hotels on the East Coast of the U.S. and will soon sign a contract to manage 67 on the West Coast for Metropolitan Life. And last month Pao's World International moved the domicile of its Lane Crawford department store subsidiary to Bermuda, far away from the People's Republic of China.

In the meantime, the influential Helmut Sohmen closely watches the political waters under his World-Wide fleet.—**Manjeet Kripalani**

CHENG YU-TUNG

On the move

Ever since 43-year-old Henry Cheng became managing director of his father's company in January 1989, it seems like New World Development Co. has suddenly become a tiger. Last year debt jumped from a normally cautious $150 million to almost $1 billion. New World bought most of Ramada Inc., sold off some Hong Kong property but increased investment in Hong Kong rental units. It teamed up with Macao casino king Stanley Ho to buy into a TV venture. And in April the Chengs took Hong Kong by surprise by announcing that the family would take private the hotel subsidiary, New World Hotels.

South China Morning Post

Cheng Yu-tung

Henry Cheng's farsighted father, Cheng Yu-tung, 64, fell off the billionaire list when Tiananmen shot down the price of his stock last year. But his stock came back. Like most Hong Kong tycoons, the Chengs are hedging their Hong Kong bets. The Ramada deal is one obvious example. The privatization decision is probably another: Five of New World's hotels are in Hong Kong, but six others are elsewhere in Southeast Asia, and by year-end seven will be in the People's Republic of China.

Other overseas assets include a 16% stake in Singapore's Suntec convention center, a share of the profits of the development of Vancouver's 1986 Expo site and a third of Houston-based Allright Auto, among the world's largest parking lot operators. In his personal life, the elder Cheng is reportedly a keen gambler who wagers on his own golf game—as well as on Hong Kong's future after 1997.—**Manjeet Kripalani**

KADOORIE FAMILY

Michael's turn?

The Kadoories are among Hong Kong's oldest families. Patriarch Lord Lawrence, 91, is as old as the company his father, Sir Elly, bought into in 1919, China Light & Power, one of Hong Kong's two electric utilities; the family's stake is worth over $800 million.

Through a 69% interest in Hongkong & Shanghai Hotels, the Kadoories—Lord Lawrence, brother Sir Horace, 87, and son Michael, 49—also own the Peninsula, one of the world's finest hotels. Unafraid of Beijing, they hold a contract to manage the deluxe Palace Hotel in that capital. But they're not taking any chances, either. There is already a Peninsula in Manila, one in New York, one due to open in Beverly Hills next year and another in Bangkok in 1993. They're actively looking for hotel sites in London, Tokyo and Ho Chi Minh City.

Frank Fischbeck/Stock House

Lord Kadoorie

Another part of the family's billion-plus is invested in off-shore interests in carpets and textiles, and in financial services.

Hong Kong benefits from the philanthropy of this old family of Iraqi Jewish extraction, which started its business as brokers in Shanghai. A lot of people are rooting for Lord Lawrence's son Michael. He is still largely regarded as an untried quantity, hidden in the shadow of his elders, but then, he comes from exceptional stock.—**Manjeet Kripalani**

KWOK TAK-SENG AND SONS

Keeping his heart in Hong Kong

Another Hong Kong businessman returning to the list in the wake of Tiananmen Square is Kwok Tak-seng. His 48%-owned Sun Hung Kai Properties is as busy as ever expanding its successful New Town Plaza integrated retail, entertainment, office and residential complexes in Hong Kong's New Territories, where many middle-income earners live.

Kwok's family came from humble origins in Canton. He initially prospered as exclusive agent for postwar Japan's YKK zippers. Seeing the desperation of the thousands of refugees from the People's Republic who flooded Hong Kong in the 1950s, Kwok in the 1960s set up a property development partnership to build affordable housing for the refugees. Thus was born Sun Hung Kai, which now has the largest land bank in Hong Kong (34 million square feet).

Kwok is spreading his public company's risks—but in Hong Kong. It has a piece of Unimix, a local garment manufacturer, and 27% of Sir Y.K. Pao's Hong Kong cable TV franchise. Sun Hung Kai is also interested in bidding on the bridge to Lantau Island, where the new $16 billion airport is to be built.

South China Morning Post

Kwok Tak-seng

Kwok, 79, never learned English, but his three sons—Walter, Thomas and Raymond—are British-educated and in the business. Their private family portfolio includes $110 million worth of San Francisco property, just in case. But their main bet is still on Hong Kong, where they've accumulated a fortune worth at least $1.4 billion.—**Manjeet Kripalani**

SWIRE FAMILY

Staying put, too

The Swire brothers—Sir Adrian Swire, 58, and Sir John, 63—control London-based John Swire & Sons. It gets 70% of its income from Hong Kong, mostly through owning 27% of the publicly traded Swire Pacific, which has been increasing activity in Hong Kong.

In real estate, the Swires favor owning rental properties in the colony instead of selling properties and cashing out. If the Swires are right, they will be sitting on extremely valuable real estate post-1997.

Topham/Image Works

Sir Adrian Swire

But the group's jewel is 51% of Hong Kong's publicly traded monopoly airline, Cathay Pacific, to which the Swires have diplomatically added 30% of Dragonair, a regional airline in which Beijing's investment arm, Citic, has a 20% holding. Through John Swire & Sons, the fifth generation also controls Coca-Cola bottling factories, Kentucky Fried Chicken franchises, 25% of the Australian cold storage market and highly profitable waste disposal companies.

The original John Swire was a small-time trader in Liverpool in the early 1800s; his son John moved to Shanghai, where his textile-import company created the foundation of the family's $1.1 billion-plus fortune. Brothers Adrian and John Swire cheer on Hong Kong. Note, however, that they live in the U.K., bet with the public's money and maintain a fall-back nest egg far beyond Beijing's reach.—**Manjeet Kripalani**

INDONESIA

WILLIAM SOERYADJAYA AND FAMILY

Indonesia's other billionaire

A darling of the booming Jakarta stock exchange this year is an automotive and resource group called PT Astra International. An excited crowd oversubscribed the initial offering 26 times. "It's part of the Soeryadjaya group," notes an analyst at Jardine Fleming in Jakarta.

That explains everything. Patriarch William Soeryadjaya boosted his business with the equivalent of $1,000 borrowed from President Suharto, then an army officer, 27 years ago. But this isn't just an example of Indonesian political grease. The Soeryadjayas are respected in Indonesia for running a thoroughly professional, entrepreneurial operation.

Like other Third World business powers, $1.8 billion (sales) Astra, 76% family controlled, is a grab bag: It has half the automotive market in Indonesia; plywood exports to the U.S. and Japan; the country's largest exporter of raw material for tire rubber (to Goodyear and Michelin); rubber plantations; assembly and sale of everything from tractors to copiers to PCs. There is a privately owned financial services outfit, Summa (assets: $1.4 billion). Run by William Soeryadjaya's eldest son, Edward, Summa is in trading, property and hotel development, oil exploration, equipment leasing and consumer finance, and has ambitious plans for investing in Vietnam *(see box, p. 142)*.

William Soeryadjaya is third-generation Indonesian Chinese. Back from studying in Amsterdam in 1948, he soon grew bored with his leather factory. After Suharto's 1966 overthrow of President Sukarno, Soeryadjaya rented an old GM truck-assembly plant in Jakarta, where he assembled and sold 800 GM trucks. He later joined with Toyota, then Honda. Then Xerox offered him another business, and Astra was on its way.

Described by his sons as a "positive thinker," Soeryadjaya, now 67, has turned management over to his children: Edward, 42, once an Astra Xerox salesman who later set up Summa; Edwin, 41, a graduate of the University of Southern California; Judith, 38, prospecting for hotel development projects; and Joyce, 39, who runs part of Summa operations from Hong Kong. His role now? Replies Edwin: "Working on projects that we consider too risky, making them viable and then selling them to us—at goodwill prices."—**Manjeet Kripalani**

LIEM SIOE LIONG

Big things from working for peanuts

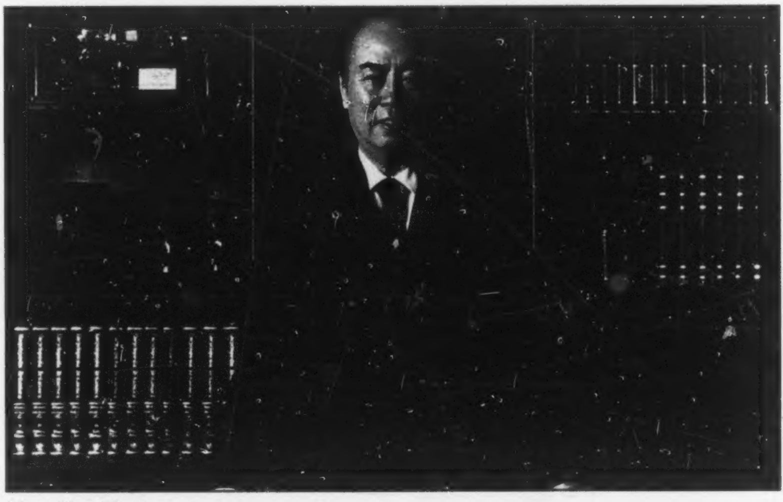
Rumors fly that Indonesia's richest businessman, Liem Sioe Liong, believed to be worth over $2 billion, will soon retire. He has ostensibly handed over daily management of Liem Group to sons Anthony and Andree. Yet Liem, 74, still puts in a 12-hour day, then finds time for jogging and 11 grandchildren. He asserts firmly: "I still have full control."

Liem emigrated to Java at age 20 to work in the peanut oil trade. By the time Suharto took over in 1966, he had close enough ties with the new leader to be granted state monopolies, starting with the clove trade. Flour, cement and steel followed. Today, Liem is most famous as Suharto's *cukong*, or Chinese financier.

Liem and other Indonesian Chinese businessmen are widely resented for their economic clout. Presidential patronage has accounted for much of the group's success, but Suharto isn't getting younger (he's 69). Last year Indocement, Liem's mammoth cement producer, which had to be bailed out with a $200 million state investment, used the stock market boom in Jakarta to go public. The public, along with U.S., European and Japanese securities houses, were not terribly eager to oversubscribe this one. But thanks to a cement shortage in Southeast Asia, Indocement just made full subscription. The stock has since done better.

Apart from his Indonesian holdings, Liem owns land in California—"lots of land," says Johannes Kotjo, executive director of Liem Group—along with three private U.S. banks and a majority of Hong Kong-based international investment company First Pacific Co.

If the Liems choose to emigrate again, they won't go to work for peanuts.—**Manjeet Kripalani**



Liem Sioe Liong

MALAYSIA

ROBERT KUOK

Meet the "Sugar King"

☆ Perhaps one of the most private billionaires in Southeast Asia is Robert Kuok, 67 and new to our list this year. Malaysia's "sugar king" is its best-known international businessman and wields heavy influence inside the country.

The Hong Kong-based Malaysian citizen presides over a hotels and trading empire stretching from Singapore to the People's Republic of China to Fiji. His holdings, estimated to be worth over $1 billion, include: his flagship company, Perlis Plantations in Malaysia (sugar, flour); the deluxe Shangri-La hotel chain; and substantial holdings in two major Hong Kong TV stations, TVB and TVE. From Hong Kong Kuok's private Kerry Trading runs a brisk trade in oil and rice; there are property development portfolios across the ASEAN region and shipping fleets. In the last year alone Kuok has invested at least $200 million to build four Shangri-Las in the Philippines, making him currently the second-largest property developer in that country.

Kuok's background is solidly middle class—his father was a merchant from China—but the senior Kuok provided his children a first-class education. Robert Kuok attended prestigious English College in his hometown in Johor state, and Raffles College in Singapore, where that country's prime minister, Lee Kuan Yew, was a contemporary. By age 26, he and brother Philip were running Kuok Brothers Sdn Bhd in Johor Baharu, trading in rice and sugar.

A series of coups on the commodities markets in the 1960s earned him the title of "sugar king"—and profits enough to expand into property and industry. In 1971 the first of the Shangri-Las opened in Singapore.

While Kuok is fiercely nationalistic—he is politically well connected in Malaysia and reputed to be close to the powerful sultan of Johor—he is also staunchly Chinese. Like many loyal overseas Chinese, he has turned toward the mother country after success in his adopted land. Kuok has five hotels already in China. (Two hotels are near Tiananmen Square; business has been slow.)

Kuok is currently interested in developing land around a reported $500 million project for a second bridge connecting Johor to Singapore. "Robert tends to be the dominant figure," says a senior executive of the Kuok Group in Hong Kong.

Dominant figures don't like to quit.—**Manjeet Kripalani**

SINGAPORE

LEE FAMILY

The blood runs thin

The Lee brothers—Lee Seng Wee, Lee Seng Tee and Lee Seng Gee—are the ultimate in Singapore's old money crowd. They control the venerable Oversea-Chinese Banking Corp., the third-largest in Singapore;

the Lees have an estimated 30%, worth over $800 million. Singapore's richest family also has stakes in about a dozen Singapore blue chips. They are extremely influential and highly charitable. "The family believes they are investors rather than managers," says a Singapore analyst.

Also like old money—but unlike group founder Lee Kong Chian—the Lees are risk-averse. The founding Lee aggressively bought thousands of acres of rubber estates and vacant property in Malaysia and Singapore during the 1930s Depression and built the family's fortune—first rubber, and later palm oil and pineapple plantations now worth hundreds of millions. A lot is in Malaysia, where land is now becoming attractive to space-starved Singapore investors. The family bank is also a significant presence in Malaysia.

The third Lee generation is coming along. With it the Lees are producing doctors and journalists. Only one, Lee Seng Gee's son, is in the family business.—**Manjeet Kripalani**

Lee Seng Wee

Dilip Mehta/Contact

Perestroika east

Hong Kong's Cheng Yu-tung and the Kadoories, Indonesia's Soeryadjayas—what do these billionaires see in Ho Chi Minh City? Maybe Asia's next boomtown?

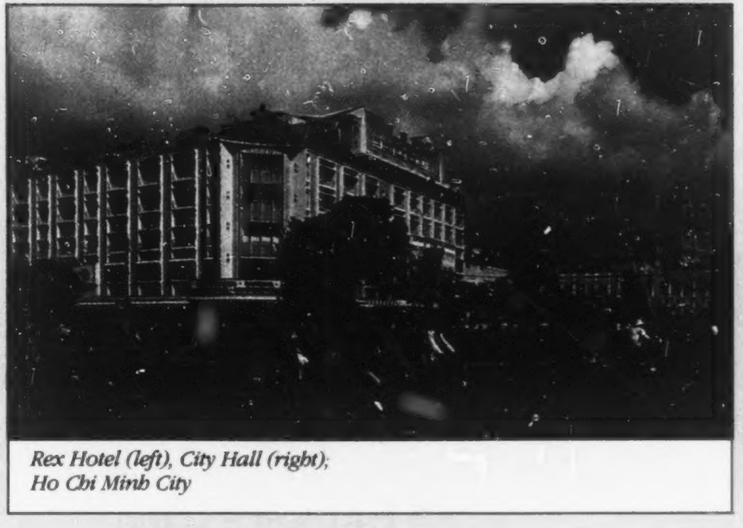
Bangkok, Kuala Lumpur and Jakarta are surging. But Saigon and Vietnam were held back by communism, decades of war and the U.S. trade embargo. Two years ago, farmers were allowed long-term leases on land. Within 18 months Vietnam was the third-largest rice exporter, after Thailand and the U.S. Foreigners could get 100% equity deals and repatriate profits; now there are 150 foreign joint ventures valued at $1 billion.

"Vietnam will be rebuilding from scratch," says Indonesia's Edward Soeryadjaya, who wants in "before the U.S. lifts the embargo and the multinationals come in." His Indovina Bank has been in Saigon since 1988; his Summa group plans a resort near Saigon and a second Vietnamese airline.

Aside from oil and gas, the largest deal would be Saigon's tallest building, a 15-story, $40 million, 600-room "grand luxe" hotel. The Chengs' New World group hopes to begin construction soon. The Kadoories also plan three-star hotels and office buildings.

Vietnam has 67 million people, compared, say, with France's 56 million. The Vietnamese are eager to improve their lot. English is much spoken. And Hanoi cuts deals now. Foreigners cannot buy land, but can lease it for up to 20 years. Infrastructure is nonexistent; almost everything, even cutlery, has to be imported. Vietnam is considered a bad risk by bankers, so investors must put in their own cash. But from such primitive conditions handsome rewards sometimes flow.—**Manjeet Kripalani**

Bill Wassman/Stock Market



Rex Hotel (left), City Hall (right); Ho Chi Minh City

KWEK/QUEK FAMILY

Face loss

In the 1960s the Kweks ran afoul of the government for tax evasion. Then, last year, Kwek Hong Png, 78, family patriarch and empire founder, was arrested on charges of abetting a relative in corrupt land transactions. A hearing is set for August.

This caused loss of face and of net worth. The group's City Development stock dropped by almost 25%; construction of the 63-story Republic Plaza office tower in downtown Singapore halted before it had even begun; and forget much-wanted banking licenses.

It hasn't, however, taken the family off the billionaire list. Combine their cousins the Queks in neighboring Malaysia (the "Q" was misspelled and stuck), with this hard-nosed Singapore family that made its money on the belief that land "yielded gold," and you get at least $1.2 billion.

Kwek Hong Png, who fled China in

Straits Times

Kwek Hong Png

1928, and his lawyer son Leng Beng control a real estate, hotel and finance empire from Singapore. From Kuala Lumpur, Quek Leng Chan, the 47-year-old barrister from London's Middle Temple and Hong Png's nephew, runs a separate, fast-growing group. Last year Quek's 35%-held Dao Heng Holdings joined the Kuwait Investment Office and Taiwan's Shi Huang *(which see)* to acquire Hong Kong's big Hang Lung Bank.

So far each of the two families has stuck to its own turf. But Leng Chan's 1988 acquisition of First Capital Corp., a finance company in Singapore, could possibly start a little family competiton—or cooperation, perhaps?—**Manjeet Kripalani**

INDIA

BIRLA FAMILY

"In competition we thrive"

"Competition doesn't bother us," insists Aditya Birla, the 46-year-old MIT graduate who presides over the cream of the Birla companies. "In competition we thrive."

The family is soon to be put to the test. The Birlas have been longtime Congress Party supporters, able to obtain near-monopoly licenses in core industries. But the climate is changing. Although Rajiv Gandhi is out of office, many of his reform policies remain. The government is simplifying rules and easing restrictions. Upstart entrepreneurs like Abhey Oswal of Oswal-Agro, an agrochemicals producer, have recently wowed the investing public with big capital issues.

Terry Kirk/Financial Times

Aditya Birla

The Birlas, too, are tapping the new public markets. Last year Aditya Birla's Indo Gulf Fertiliser floated a $500 million issue, twice as large as Oswal's. Both were fully subscribed.

The Birlas enter the new era from commanding heights. The family's 200-plus companies (nearly 60 of them listed) span the economy—aluminum, shipping, cotton, autos, chemicals, agro industries, paper, publishing. Group revenues in India are at least $3 billion. Aditya's dozen companies overseas, mostly chemicals and textiles in Southeast Asia, have sales of $1.2 billion.

Of the four male cousins in the current generation, Aditya was the favorite of his grandfather, group founder G.D. Birla. After G.D.'s death in 1983, the business was divided and Aditya wound up managing 45%. Reports of serious antagonism inside the family abound, but when cousin Ashok died in a plane crash earlier this year, Aditya took on the grooming of Ashok's son in business.—**Manjeet Kripalani**

AUSTRALIA

KERRY PACKER

Keeping in touch

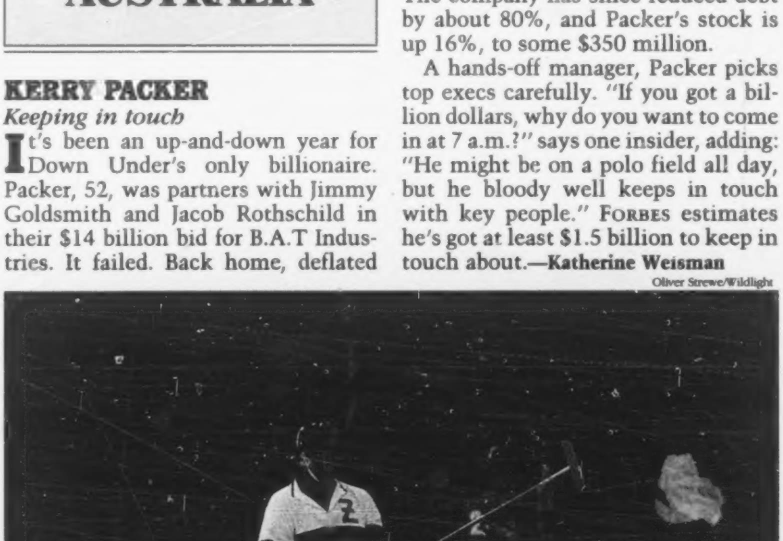
It's been an up-and-down year for Down Under's only billionaire. Packer, 52, was partners with Jimmy Goldsmith and Jacob Rothschild in their $14 billion bid for B.A.T Industries. It failed. Back home, deflated millionaire Alan Bond defaulted on $155 million in preference shares held by Packer, who had sold his TV stations to Bond in 1987 for $840 million. Packer converted his shares into a majority of the common stock, a stake now worth some $30 million, and he controls his stations again.

On a happier note, Livonia, Mich.-based Valassis Inserts (1990 estimated revenues, $575 million), one of the three biggest U.S. coupon distributors, has recovered. Packer bought the profitable company for an estimated $400 million in 1986; price wars two years later had flattened sales and curtailed earnings.

Packer has very deep pockets. Mostly using an inherited 12.5% stake in Consolidated Press Holdings, which publishes 70% of Australia's magazines, he took the company private and has expanded into chemicals, natural resources (Muswellbrook Energy & Minerals), livestock and cotton, and engineering. In 1989 he bought a controlling 48% of conglomerate Australian National Industries. The company has since reduced debt by about 80%, and Packer's stock is up 16%, to some $350 million.

A hands-off manager, Packer picks top execs carefully. "If you got a billion dollars, why do you want to come in at 7 a.m.?" says one insider, adding: "He might be on a polo field all day, but he bloody well keeps in touch with key people." FORBES estimates he's got at least $1.5 billion to keep in touch about.—**Katherine Weisman**

Oliver Strewe/Wildlight



Kerry Packer

JAPAN

JAPAN INDUSTRY

HIROSHI YAMAUCHI

The billionaire behind Nintendo

Lurking inside the Kyoto headquarters of $1.6 billion (sales) Nintendo Co. Ltd. is master gamesman Hiroshi Yamauchi, who has captured 90% of the U.S.' videogame market and 85% of Japan's. Exports are now around 70% of sales.

Nintendo was started by Yamauchi's great-grandfather in 1889 as a manufacturer of Japanese playing cards known as hanafuda. Hiroshi took over in 1949, at age 22. In the early 1970s he pioneered electronic toys in Japan. Just as the Atari generation of videogames was starting to collapse in 1983, Yamauchi introduced his now familiar, far superior Nintendo games. The rest is history. The company's stock rocketed. Hiroshi's 11.4% stake was recently worth $2 billion.

Hiroshi Yamauchi

Zaikai

Yamauchi, now 63, talked to FORBES but spoke mostly in generalities. "The software must be interesting," he said. Thanks, Hiroshi. But underlying his success is a carefully thought out system of tight controls to minimize the risks of being sandbagged by the fickle whims of videogame fans. All games, even if designed abroad, are manufactured within 20 minutes of headquarters, where production can be watched and secrets kept. Favorite industry lore tells of Nintendo engineers getting locked in at night behind electronic doors meant to keep games safe from prying eyes. Yamauchi rarely visits the U.S., but son-in-law Minoru Arakawa keeps close tabs from Seattle. "They have very good expense control," says S.G. Warburg's Chuck Goto.

The most important control of all is over sales. It was a flood of cheap, ill-designed games that killed the first videogame boom in the U.S. Hence Nintendo's proprietary "lockout" chip keeping unauthorized cartridges off its machines. Industry sources say the company hypes demand by limiting the supply of some games. Yamauchi: "We can't make such accurate predictions of what will sell."

Nintendo's sober president attributes his success to luck, not acumen. His daughter recalls hearing him talk about the company's less glorious past when she was growing up. But Yamauchi is looking ahead. Nintendo will start selling a 16-bit game machine in Japan in November (competitors already offer them; the familiar Nintendo is a much simpler 8-bit computer). The 16-bit games will come to the U.S. when sales of the older games start to slow. Yamauchi is also pushing into Europe with "Game Boy," a portable model already familiar to American parents.

Beyond that lies the adult market. Nintendo started selling home banking, stock brokerage and home shopping services in Japan—using the familiar Nintendo game machine as a home terminal. A similar U.S. system is being discussed with AT&T and Fidelity Investment Services of Boston. If this catches fire, mom and dad may be making moves in the game of Life on Junior's set, and Yamauchi may one day be out of the toy business.—**Gale Eisenstodt**

SAITO FAMILY

Paper billionaire

Ryoei Saito knocked the art world on its ear in May by bidding over $160 million for van Gogh's "Portrait of Dr. Gachet" and Renoir's "Au Moulin de la Galette." He's a plunger in business, too. The 74-year-old paper magnate's family dominates Daishowa Paper Manufacturing Co. Founded by his father, Daishowa is Japan's second-largest paper manufacturer (after longtime rival Oji Paper) and its most aggressive acquirer of paper and pulp manufacturing facilities in the U.S. and in Canada.

AP/Wide World

Ryoei Saito

Binge buying got the company in trouble in the past and may be doing it again. In 1981 a rash of investments burdened the company with debt. Its main creditor, Sumitomo Bank, took control. To repay loans Saito was forced to sell off much of his art collection, golf courses and other treasured assets.

In 1983 Saito severed ties with Sumitomo and in 1985 fired a brother, Kikuzo, who reportedly had sided with the bank. At the time, Kikuzo told the Japanese press that Ryoei borrowed large sums of money from publicly held Daishowa to fund personal purchases. The company declines to comment.

Now, Daishowa's balance sheet is

starting to look messy again. The company's recent rash of acquisitions abroad and heavy capital investments at home are loading on fresh debt; debt now comes to about $2.5 billion, a 67% increase in two years. Last year the company earned $54 million on revenues of $2.4 billion. Meanwhile, the Japanese paper industry is suffering from overcapacity and higher raw materials costs, so any benefits will be long term. And unlike most publicly traded Japanese companies, Daishowa no longer has a main bank to see it through hard times.

The Saitos control around 20% of Daishowa, with other assets worth about $1 billion. Ryoei is honorary chairman, a brother is chairman and his eldest son is president. Seven family members sit on the board.—**Gale Eisenstodt**

AKIO MORITA

The acquirer who can say "yes"

Sony, the famous consumer electronics company Morita cofounded and still leads as chairman, raised a storm in America last fall when it bought Columbia Pictures for over $3 billion—the largest-ever Japanese takeover in America—after buying CBS Records for $2 billion in 1987.

Then Morita was all over the headlines again, accused of "America-bashing" as coauthor of a controversial book, *The Japan That Can Say "No."* The book, still a bestseller, was intended solely for circulation in Japan, and became a serious embarrassment for cosmopolitan Morita.

The CBS and Columbia acquisitions will transform Sony. The consumer electronics industry in the U.S. and Japan is maturing. But demand for the "software"—the sounds and images the hardware will reproduce—is expected to grow at 15% a year. Morita has big plans for Sony's new videocassette players and high-definition television sets. But his plans for the entertainment software are even more ambitious: Already the latter, according to Japan's Daiwa Research, accounts for about 25% of Sony's total sales. The Tokyo market likes this, and values "maturing" Sony high enough to make the Morita family worth $1.1 billion.—**Nobuko Hashimoto**

Dennis Bud Gray/Picture Group

Akio Morita

MASATOSHI ITO

Japan rescuing America

When Ito-Yokado, the Japanese retail giant, was first getting into the convenience store business, its mentor was Dallas-based Southland Corp., operator of the familiar 7-Eleven chain. Now Southland is looking to Ito-Yokado to bail it out of an overleveraged buyout whose junk bonds are in default.

It looks like just another Japanese conquest in America. But it's also part of a trend to globalization in retailing. If Ito-Yokado does capture Southland, it will pick up more than the 6,918 U.S. and Canadian stores: Southland's worldwide chain reaches to Hong Kong, Taiwan, Australia and Europe. Ito-Yokado comes into the U.S., companies like Toys "R" Us try to get into Japan. But they will have to bull their way past Japan's notorious Large-Scale Retail Store Law.

At 66, Masatoshi Ito has proven himself a brilliant if cautious retailer in the home market. In Japan, it can take several years to do proper market research. Ito-Yokado staffers spend at least a year getting to know the needs of local people, even living in the area, before opening a new store. The group runs 138 Ito-Yokado supermarkets, 4,012 7-Elevens (58 in Hawaii) and the Denny's Japan restaurant chain. It reported a $390 million profit in the last fiscal year. The stock held by Ito and family is worth about $1.9 billion. Any American coming in better suppose these Japanese know what they're doing.—**Hiroko Asami**

Robert Wallis/J.B. Pictures

Masatoshi Ito

TAKENAKA FAMILY

Your grandchildren's home?

The Takenakas, leading builders in Japan since the 17th century, have a modest little plan to relieve Tokyo's overcrowding and brutal commutes: a single, giant building that could house 135,000 tenants.

"Sky City 1000" would be an entire city-size community in a structure 3,300 feet high. The mammoth structure and surrounding grounds would hold office space, housing, banks, schools, theaters, parks and hospitals. High-speed elevators and a monorail would carry people up and down or about the building within minutes. Newly designed systems would supply it with energy and water. Takenaka Corp., the family company, estimates it would take 14 years and $31 billion to build one. To test some of its science fiction ideas, the company is putting up a more familiar-size building in Chiba this fall.

Meanwhile, Japan's premier builders—they built famous landmark Nagoya castle centuries ago—have plenty to keep them busy. Abroad, a resort hotel in Kauai island, Hawaii is going up; in Japan, a 37-story tower in Osaka, and a newly completed building in Hiroshima. All of which are expected to generate some $60 million to $100 million in yearly rents. Although Takenaka Corp. is an old-line family company, it introduced Western building methods in Japan. Its 47-year-old President Toichi Takenaka got his M.B.A. at Michigan State University, and obviously, some new ideas. Which is how the Takenaka family comes to be worth an estimated $3.9 billion.—**Nobuko Hashimoto**

Zaikai

Toichi Takenaka

MURATA FAMILY

Cycle, countercycle

Well known in the U.S. market for its $500-and-under fax machines, Murata Machinery is still relatively obscure at home, even though this old-line textile machine maker from Kyoto began making facsimile machines in 1973. It was the idea of President Junichi Murata, now 54, who wanted a product with a different business cycle.

Today, however, Murata is encountering severe price-cutting in the U.S. In Japan it is struggling to compete with giants like Sharp, Ricoh and Canon, which are also producing low-priced faxes. To stay competitive, manufacturers have to upgrade products and move on to the next generation—so-called G4's that produce a page in four seconds instead of a minute, with sharper images, and on plain rather than thermal paper.

Europe still remains a promising new market, and faxes are owned by only about 2% of Japanese households, where retailers say they hope one day to make a fax as commonplace as a phone. But it's still unclear what survival strategies the Murata family will adopt in faxes.

Junichi Murata

Robert Wallis/J.B. Pictures

Ironically, Murata's old business, textile machinery, is doing well. Altogether, private Murata earned $82.6 million last year, up from $49.3 million the year before; at current Japanese valuations, it is worth an estimated $4.6 billion.—**Nobuko Hashimoto**

KANICHIRO ISHIBASHI

Indigestion

You know Bridgestone is worried: It sent Chairman Teiji Eguchi to Akron, Ohio in January for an indefinite stay to resolve problems there, instead of fielding all those panicky late-night phone calls to Tokyo.

When Kanichiro Ishibashi, whose family founded Bridgestone and still holds at least 12%, huddled with top Bridgestone executives to discuss the purchase of Firestone Tire & Rubber two years ago, he probably never imagined the problems that were in store. Bridgestone's 1989 earnings declined 76%, to $64 million on $11 billion in revenues.

The big reason: Fixing Firestone's inefficient plants is turning out to be very expensive and time-consuming. General Motors, once a major customer of Firestone but not famous for its love of things Japanese, drastically reduced tire orders. Anyway, the U.S. tire industry is suffering from overcapacity and price wars. Bridgestone recently offered early retirement to 3,400 of its U.S. workers. Analysts say plant closings are a possibility.

The company predicts profits will rebound to $130 million this year. Japanese investors are evidently willing to accept this very optimistic view. They price the stock only a hair below where it was last year. The Ishibashi family's stock and real estate holdings are still worth over $1 billion—for now.—**Gale Eisenstodt**

MURAYAMA FAMILY

Why the newspapers read alike

In Japan, government and business news frequently flows through chummy little groups called *kisha* clubs—a sort of organized symbiosis between the reporter and the institution he covers. The institution supplies a room for reporters to work from

Toshi Matsumoto/Sygma

Kanichiro Ishibashi

and the information they are expected to report. Journalists on rival papers share the material.

The bureaucrats, politicians or businessmen have guaranteed access to journalist-club members who develop a certain loyalty to their sponsors. Thus, the Japanese saying, "Nobody's scoop is everybody's happiness."

The record of *Asahi Shimbun,* Japan's second-largest paper, is, to be sure, a bit better than most. The Recruit scandal that toppled several of Japan's top politicians was exposed by an *Asahi* reporter. But most of *Asahi*'s reporting is rather familiar to readers of other Japanese newspapers.

However tame the Japanese system by American standards, it surely doesn't lack for profits. *Asahi* does well enough to keep the Murayama family, with its 45% of the paper's stock, worth at least $1 billion.

Michiko Murayama and Junichi Ueno, descendants of the company's founders, jointly hold the position of "owner," but it is strictly an honorific title. In 1963, when the Murayamas refused to confirm a managing director who opposed family plans, the employees pooled their stockholdings with the Uenos'. The Murayamas, these days, seem to have learned their place. Alas, so have Japan's reporters.—**Gale Eisenstodt**

KEIZO SAJI AND FAMILY

Now they're even buying our water

His beer may be flat, but Keizo Saji's Japanese whiskey and American branch water are going gangbusters. Last year's revision of the Japanese Liquor Tax Act looks to be a bonanza to Suntory, Japan's biggest distiller, of which the Saji clan owns nearly 90%. Taxes on the premium liquors that make up 50% of Suntory's whiskey sales were slashed. One result: Premium sales jumped 30% last year.

But the beer business has apparently leveled off. By contrast, its nonalcoholic beverages and food operations are growing well. In the U.S., Suntory has moved aggressively into the most nonalcoholic beverage of all: water. Saji bought New Orleans-based Kentwood Spring Inc., in 1985. All told, Suntory has invested over $190 million to acquire seven mineral water companies. Now Suntory Water Group is the largest bottled-water enterprise on the East Coast and third in the nation, with a 6% share of the U.S. market.

Having added branch water to the whiskey and beer, and taken Suntory global, Keizo Saji finally handed the presidency to nephew Shinichiro Torii in March and kicked himself upstairs to chairman. Torii, 52, is the son of the eldest son of Suntory's founder. Where will the inheritor take the company? One hint: His favorite drink is beer.—**Hiroko Asami**

Keizo Saji

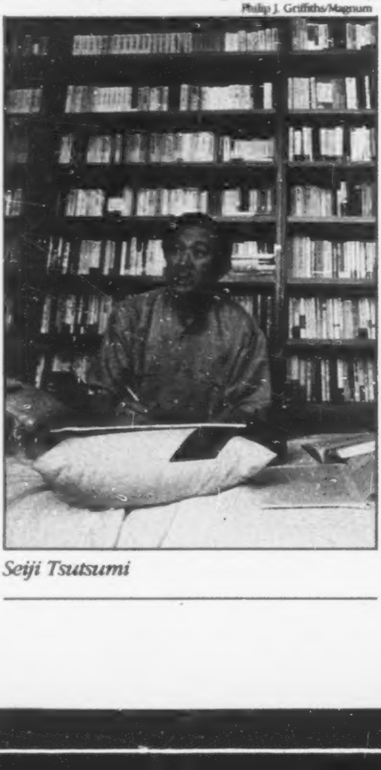
Philip J. Griffiths/Magnum

SEIJI TSUTSUMI

Walk abroad, carry a good image

Seiji Tsutsumi, 63, continues to expand his foreign holdings. Last July his Saison Group bought a 10% stake in Voyager Travel Holdings, the company that controls Virgin Atlantic Airways. The tie-up, revealed only recently, is just one part of Tsutsumi's vision of creating a global travel services network. In 1988 he bought the big Inter-Continental Hotels Corp., later selling 40% to Scandinavian Air.

Philip J. Griffiths/Magnum



Seiji Tsutsumi

Back home he seems mainly to tinker with the 100-plus-company group he has built. It is Tsutsumi's vision that unifies the group's far-flung activities. Day-to-day operations are generally left to others, even at the major Seibu Department Store, the first company in his business empire.

His half-brother, Yoshiaki *(which see),* who has come under sharp criticism in the Japanese press, could learn a lot from Seiji, who's carefully cultivated a positive public image. "He likes to be known as a poet and a novelist," says an acquaintance. Seiji is a patron of the arts both in Japan and overseas. He also likes to convey the impression he's a democratic manager.

But it's unlikely Yoshiaki will call on Seiji for advice. Their father left the bulk of his wealth to Yoshiaki, the son of a mistress. Little beyond the Seibu Department Store went to Seiji, the legitimate son. The half-brothers are said to have been feuding for years.—**Gale Eisenstodt**

MATSUSHITA FAMILY

A family affair

When the founder of Matsushita Electric Industrial, Konosuke Matsushita, died in April of last year at the age of 94, he left behind one of the largest visible estates in recent Japanese history: $1.6 billion exposed to the taxman, four times the previous record. Nearly all was stock in Matsushita Group companies.

Almost half went to his 98-year-old widow, Mumeno. The rest was divided among his daughter, Sachiko, who got $290 million; her husband, Masaharu, who is also chairman of Matsushita Electric Industrial, $290 million; and four other children, apparently by mistresses, who shared a total of $210 million. Mumeno, as a spouse, was exempted from inheritance tax, while the others paid a tax of up to 70%. Even so, the net visible inheritance totals some $1 billion.

Meanwhile the group continues to do well, particularly in communications and industrial equipment—earnings were up 10% in the year ended March 1990. Besides Chairman Masaharu, another member of the family has been moving up the corporate ladder, the founder's grandson Masayuki. At 44, Masayuki is a managing director and former head of the public relations department. Masayuki recalls his grandfather as "a very good listener, never preachy," who, though very busy, made time to listen to Masayuki's campus friends when they stopped by. It is too early to know how much the student may have learned.—**Nobuko Hashimoto**

Ethan Hoffman

Konosuke Matsushita

KENKICHI NAKAJIMA

Psst—hot stock?

"I'd say at least 100 pachinko parlor owners are now considering making a public offering," says Kenkichi Nakajima, 70, founder and president of Heiwa, Japan's largest maker of pachinko machines. Small wonder. Since Heiwa went on Tokyo's over-the-counter market in 1988, it has climbed to a price/earnings multiple of 156, making the Nakajima family's 86% stake worth $8.4 billion.

Kenkichi Nakajima

Robert Wallis/J.B. Pictures

Pachinko, a game similar to pinball, is big business in Japan: Some 15,000 parlors with nearly 4 million machines take in $95 billion a year in receipts. Heiwa has about 30% of the machine market and employs 90 game developers.

But pachinko parlors aren't just good, clean fun. Prizes handed out at parlors, typically cigarettes, toys or other trinkets, can be exchanged for cash at nearby storefronts. Besides the gambling stigma, some parlors reportedly make political contributions, evade taxes and may have ties with Japan's criminal underworld.

Nakajima is a Mr. Clean. He says he shuns political contributions and supports a system that would make tax evasion less likely. NTT, Mitsubishi and others have formed a company to introduce prepaid magnetic cards to use instead of cash for the steel balls one buys to play the game. That would help police pachinko parlors.

"Credit cards and telephone cards are now popular in Japan, and pachinko should not be left behind in joining this trend," says Nakajima of the idea.—**Gale Eisenstodt**

HISASHI ISHII

Do as he says? Or as he does?

Tachibana Securities, the well-known brokerage house Ishii founded, has a reputation among brokers for strong research. So Ishii made headlines recently when he issued a scary forecast of Japan's next decade: Land prices will fall to a third or a tenth of their present levels and the nation's GNP will collapse along with the land. The main reason? The birth rate has fallen drastically. The coming severe labor shortage will raise wage levels, making Japanese companies less competitive. Moreover, higher-paid people will work less and spend more, thus lowering the savings rate and productivity that have supported Japan's high growth.

Yet this spring, while Ishii was talking stocks down, he wasn't taking his own advice. He issued new stock privately to expand still private Tachibana. He also upgraded it to a so-called *sogoshoken,* which means it can underwrite securities like the bigger houses. To qualify, he had to reduce the Ishii family interest from 81% to under 50%. He now holds some 49% of the firm, a stake worth an estimated $1.5 billion, down from $2.6 billion last year. At 67 Ishii has made a sizable bet with his family's net worth

Zaikai

Hisashi Ishii

that Japan will continue to be a big, profitable market for newly underwritten securities. Do as he says? Or as he does?—**Nobuko Hashimoto**

SHIGEKUNI KAWAMURA

The easy way to buy companies

While many cash-rich Japanese companies are just discovering the benefits of M&A, Shigekuni, 61, who heads Dainippon Ink & Chemicals, is an old hand. Since 1975 the brash Kawamura has spent about $1.3 billion, acquiring 27 foreign companies in Dainippon's main businesses of printing ink and resins. Major U.S. purchases have been Kohl and Madden Printing Ink Corp., the graphic art division of Sun Chemical and Reichhold Chemicals.

In the past two years he's picked up the pace, purchasing eight more ink suppliers, including O&R of Holland and Prisma of Spain, and seven resin companies.

Kawamura thinks takeovers are easy: "I have a long-term strategy and entrust management to the locals. That's why our acquisitions are welcomed by them," he says.

Born in China and raised in California, Kawamura has always had an international outlook. Near term, he plans to acquire more resin companies in Europe—to be ready for 1992.

Shigekuni has another side: In May the Kawamura Memorial Museum of Art opened in Sakura, with more than 800 Impressionist, modern and Japanese artworks from three generations of collecting by the Kawamura family. This pays off, too. Including some $130 million of art, 17% of DIC, and some real estate holdings in Tokyo, the Kawamuras are worth at least $1.2 billion.—**Hiroko Katayama**

Bill Bernstein

Shigekuni Kawamura

RYOICHI JINNAI

Exploring overseas

Promise, the company Ryoichi Jinnai founded, is the third-largest Japanese consumer finance company. Like other finance companies, it has an image problem. On Japanese TV you can still see a drama of a hapless debtor owing money to a *sarakin,* or money lender, at over 100% interest and unable to pay.

This is TV, of course, and it is a story of the past. Ever since the government cracked down in the early 1980s, consumer finance companies have been cleaning up their acts. Promise's top rate is now 29.2%, the same as Takefuji's and Acom's *(see Takei; Kinoshita).*

In part to get away from what a spokesman calls the "loan-shark image," Promise is dabbling in such new businesses as video rentals and coffee shops, and exploring opportunities overseas. It is building a golf course in Paris and recently took a stake in a Florida hotel.

Jinnai would like to take the company public. He could get access to lower-cost financing to help Promise compete against the banks and the installment credit companies that have gotten into the business. Jinnai recently sold some shares to its main creditors, including the Long-Term Credit Bank and Sumitomo Trust & Banking Co. But balance sheets are sometimes a bit easier to spruce up than images.—**Gale Eisenstodt**

YASUO TAKEI

Image enhancement

When Yasuo Takei was looking for a new president for Takefuji, the $4 billion (assets) consumer-finance company he founded, he called on his friend, the distinguished chairman of Nomura Securities. The chairman sent over a veteran manager of Nomura's overseas division and former chairman of Nomura Finance.

Zaikai

Yasuo Takei

Takei is polishing Takefuji's image. It must still cope with popular memories of the days when consumer finance companies, formerly known as *sarakin,* legally charged interest rates over 100%. Outsiders with strong credentials can help boost his company's reputation. Another big plus: The new Nomura man has international experience and background in developing new businesses.

Competition in Japan's consumer finance industry continues to heat up, as Japan's commercial banks step up their consumer lending. Installment credit companies *(shinpan)* are also tough rivals. Takei, too, has cut his maximum rate, from 32.85% last year. And the company is introducing "specials," such as "marriage loans" at 17.5%, for Japanese lovers unable to come up with the heaps of cash required to stage a proper wedding. That, too, is meant to help the image.—**Gale Eisenstodt**

KINOSHITA FAMILY

Borrow low, lend high

Money lending has always been lucrative. Particularly when the loans can be financed with low-cost funds from a big bank. That's one big reason $2.8 billion (assets) Acom Co., Ltd., Japan's second-largest consumer finance company, got to where it is. Back in the 1960s, Masao Kinoshita saw the potential in lending money when he owned a small chain of pawnshops. He started the first major *sarakin*—a company lending money to consumers who lacked bank-quality collateral.

Kinoshita developed a tight relationship with Mitsubishi Trust at a time when Japan's big banks normally didn't associate with *sarakin*. A 1978 story revealing the Mitsubishi connection created a major sensation. The government started to crack down on the business.

"We realized we had to change the way we were doing business," recalls Yoshiki Okada, a director. The company opened an office in Switzerland to obtain low-cost financing. So the Kinoshitas began diversifying into such businesses as furniture rental, and are looking at real estate overseas. Masao's son, Kyosuke, 50, is now president of the company.

Acom still does much of its borrowing from Mitsubishi Trust. Under the government's watchful eye, the company's top lending rate is now down. But business is good enough to make the Kinoshita family's 58% interest in Acom worth an estimated $1.3 billion.—**Gale Eisenstodt**

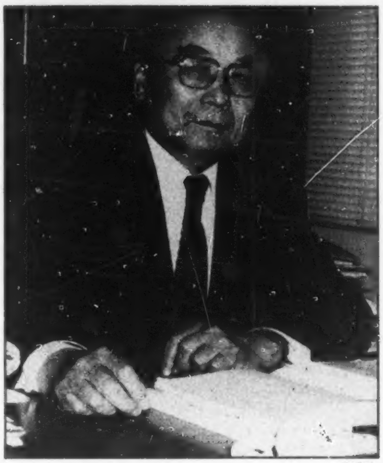
TERAMACHI FAMILY

How to channel frustration

Another new face among the billionaires, Hiroshi Teramachi, at 66 president of $430 million (sales) THK Co., Ltd., is a success story twice over. His company went public on Japan's o-t-c market last November. At current prices the Teramachi clan's shares are worth around $1.2 billion.

This is Teramachi's second success. In 1963 he took public Nippon Thompson, a company he started in the 1950s to produce a product he invented: the needle roller bearing, which could rotate at much higher speeds than existing products. Then the young entrepreneur blew it. In 1969 he tried to help an employee recover losses in the commodities market by using Nippon Thompson money to speculate in soybeans and silk. Outside stockholders forced him to sell his shareholdings and other personal assets to repay the losses. In 1970 he resigned.

"I channeled all my frustration into building a new company," he told FORBES. In 1971 he started what is now THK.


Zaikai

Hiroshi Teramachi

Teramachi, who has around 400 patents to his name, based THK on another new bearing he designed—the linear motion guide, now widely used in industrial robots and semiconductor chip production. Japan's conservative machine tool makers were leery. So Teramachi knocked on U.S. doors. He used his success in the U.S. to win customers back home.

Over the past four years the company's sales have more than doubled, to $430 million, and profits have more than tripled, to $60 million. Teramachi's THK now has over 70% of the business. Exports are currently only 10% of sales but THK is starting to push overseas again.

Teramachi still plays the market, but now focuses on shares of other bearing companies. Teramachi says he wants to establish "order"—bearings companies compete too much on price, he says. But industry insiders still recall his freewheeling past and they suspect that he is really an opportunist who just wants to make money.—**Gale Eisenstodt**

MASAHITO OTSUKA AND FAMILY

Make a luxury seem a necessity

Founder Masahito Otsuka, 73, may be retired these days, but his sons sure aren't. Akihiko, 52, has been running things for a decade, and has expanded the huge (1989 sales: $1.9 billion) Otsuka Pharmaceutical by pushing nutrition products on the health-conscious Japanese.

Alongside a stream of the ethical and over-the-counter drugs the group was founded on, the Otsukas last year sold more than 1 billion bottles of Oronamin-C, a carbonated nutritional drink containing vitamin C and amino acids. That's worth about $660 million at retail. Their bestseller—1.1 billion cans last year—is Pocari, a Gatorade-style drink for athletic types that resupplies body salts lost through sweat. Its retail sales reached $860 million last year.

Recently they started selling New Calorie Mate, whose ads claim two cans a day supply all needed vitamins. At wholesale, such items fetched 55% of Otsuka's sales last year.

In the beginning, old Masahito bet the farm on mass-producing injectable drugs suitable for the injured and wounded at the outbreak of the Korean War. Once established, he concentrated his efforts on lifesaving medicines. But his son has built tidy profits with health products that are marketed as necessities.

Robert Wallis

Masahito Otsuka

So today Masahito plays leisurely games of golf in his hometown on Japan's Shikoku island, and counts his family's $2.7-billion-plus net worth. While swigging lots of Oronamin-C and Pocari.—**Hiroko Asami**

KIYOSHI SAGAWA

Courier

Kiyoshi Sagawa, founder of a privately held package delivery firm, Sagawa Express Group, is a tough taskmaster. "The number of administrators that feel they can get away without working is on the rise (and most of these people are incompetent)," he growls in the February issue of the company newsletter. Also, the Ministry of Transportation is after Sagawa for violating labor laws, say-

Kiyoshi Sagawa Zaikai

ing he makes drivers work excessive hours. The company says it is correcting that problem.

Potentially more serious were tax problems alluded to in a 1989 book by Yosuke Hamada, a disgruntled ex-employee fired for not meeting sales targets. Hamada claims that Seiwa Shoji, a holding company, siphoned money from other Sagawa companies, making it difficult to trace and tax profits. Government sources tell a similar tale, and twice the tax office has gone after Sagawa for underreporting. A Sagawa spokesman says that the company has never evaded taxes, although there could have been inadvertent errors owing to too rapid growth. In April Seiwa Shoji was absorbed into a group company.

Despite these hitches, Sagawa, 68, is doing pretty well for himself. His company has around 70% of Japan's corporate delivery business. He recently started a venture with DHL to expand international delivery operations. Look out, world.—**Gale Eisenstodt**

TADAO YOSHIDA AND FAMILY

Centralize? Or decentralize?

Tadao Yoshida built his $3.7 billion (sales) zipper and building materials company, YKK, on the principle of decentralization. At 81, he is in poor health, and son Tadahiro, a Northwestern University M.B.A., is tackling the difficult task of change.

The big problem is aluminum building materials, now some 70% of sales. Tadao, who started with the more profitable zippers, never gave the newer business the attention it merited. He set it up with the passion for minimizing managers and maximizing local sales autonomy that worked so well in the international zipper market. Unfortunately the regional building materials sales offices in Japan did not coordinate well with the factories; sudden surges in orders could sometimes not be filled. The biggest Japanese maker of aluminum siding, doors and windows for houses until 1984, YKK has since been losing market share.

Son Tadahiro is introducing a degree of centralized oversight. Nine distribution centers consolidate building materials inventories. As for zippers, while his father was a firm believer in local production, Tadahiro has set up a factory in low-cost Indonesia. Senior had all production machinery made in-house; Junior will shop outside if it's quicker or cheaper. The younger Yoshida clearly understands one very basic business principle: You can't run a business with your strategy carved in stone.—**Gale Eisenstodt**

Robert Wallis/J.B. Pictures

Tadahiro Yoshida

HATTORI FAMILY

Getting it together

The Hattori family has a proud heritage in their top-quality Hattori Seiko watches and clocks. But they have seen rival Citizen take over the number one position in Japan's watch industry.

For one thing, Hattori didn't adjust production and inventory quickly enough when the yen unexpectedly strengthened a few years ago. Only in the last year did it manage to work down excess inventories. And though Seiko's production is handled by two family-controlled companies, they've been managed by outsiders following the deaths of two Hattori family members. Lack of coordination between these two producers has been harmful, observers say, while Citizen has benefited from directly controlling its own production.

Reijiro Hattori Pamela Fernuik

But Hattori Seiko finally seems to be getting its act together. It's choosing to emphasize luxury brands and jewel-bedecked watches, which are selling well. One new model: a lady's watch designed by a famous Japanese designer, Jun Ashida.

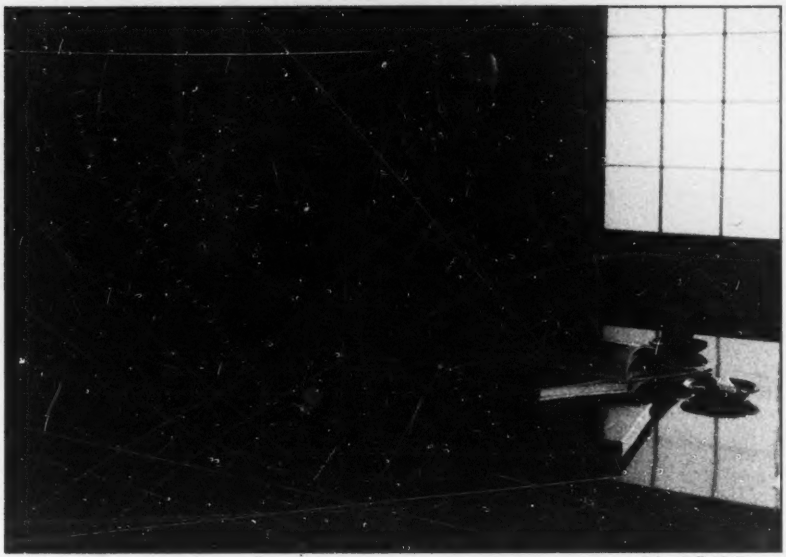
The company is also increasing its jewelry import business and is strengthening its new lines of plastic eyeglasses. The Hattoris, led by 69-year-old Chairman Reijiro, the founder's grandson, together own shares worth about $3.5 billion in Seiko group companies. An amount worth watching over.—**Nobuko Hashimoto**

UEHARA FAMILY

Put the money where it counts

The Ueharas' well-known Taisho Pharmaceutical grew on an army of detail men, who today still sell directly to Japan's 60,000 pharmacies. Now the Ueharas are augmenting them with Taisho's new computer sales network, which already plugs in 3,700 pharmacies and will soon have 5,000. It will let Taisho do fast, comprehensive market research, and even monitor competitors' sales.

Small wonder Taisho is the leader in the ever more competitive over-the-counter drug market (it has a 20% share), with about $800 million in



Shoji Uehara

Robert Wallis/J.B. Pictures

sales. Bestselling products include nutritional tonics (big in Japan; *see Otsuka*), Pabron cold remedy, and Taisho Ichoyaku digestive agents.

But don't overlook prescription drugs—16% of Taisho sales and increasingly important. Merrill Lynch Tokyo predicts 30% to 50% growth from such promising drugs as Clathromycin, a new antibiotic Taisho has licensed to Abbott Labs for sale outside Japan. It may come on the market by year's end, and Taisho forecasts $60 million annual sales just in Japan.

Chairman of Taisho is Shoji Uehara, 62. President, at 49, is Akira Uehara. Akira has three things going for him. First, he is Shoji's son-in-law. Next, he is the nephew of the founder's wife. And he's the inspiration behind the computerizing, having joined the company in 1977 after 11 years at NEC, the electronics firm. Evidently Akira Uehara sees that big money is to be made not only from discovering pharmaceuticals but from developing better ways to distribute them.—**Hiroko Asami**

HISAKICHI YAMAGUCHI

The price was fame

Hisakichi Yamaguchi must have been disappointed. Last year the founder of $1.8 billion (sales) Daiwa Can acted as intermediary when the founder of South Korea's giant Hyundai went to North Korea with plans to build a resort hotel—a resort Yamaguchi apparently had himself proposed to Kim Il Sung years ago. All seemed to go swimmingly. But in May it was reported that North Korea abruptly canceled the deal.

Yamaguchi paid a price for his futile efforts: For a moment the spotlight was turned on this man who shuns the press. He was born in what is now North Korea, and people close to him say the Kim Il Sung connection was formed primarily because "everybody needs to go home." Yamaguchi, 79, got into canmaking in 1950. A friendship with a chairman of Nippon Steel got him the financial support. A tie with American Can Co. got him the key equipment.

Kyodo

Hisakichi Yamaguchi

Today it is Daiwa Can that exports production machinery. The company also has about 30% of the domestic can market, number two behind Toyo Seikan. Yamaguchi controls eight interrelated companies, including operations in Taiwan and a joint venture with Ryoei Saito's Daishowa *(see Saito, p. 148)* to make paper cups.

Yamaguchi is still active in day-today management. Sources who know him well say he is demanding and likes to keep close tabs on things. Last year profits were up 14%, to $149 million on sales of $1.8 billion. His eldest son is in the business: Hisakazu Yamaguchi is a director of a machine tool maker 50% owned through a holding company.—**Gale Eisenstodt**

JAPAN REAL ESTATE

YOSHIAKI TSUTSUMI

A job for Dale Carnegie

How much glory is there in being the richest businessman in the world? Not much. You're Yoshiaki Tsutsumi—and you're the target of increasing criticism in the Japanese press these days.

Seems the public has noticed that Kokudo Keikaku, Tsutsumi's 40% directly owned holding company for his vast railway and real estate empire, doesn't pay much corporate tax. The interest on debt used to expand its business in ski slopes, hotels and golf courses virtually wipes out profits. So there's no need to pay taxes, Tsutsumi earnestly explained in interviews. Lately, in a tack to windward of sorts, he's indicated in the press that he "could slow the pace of expansion. Then the company would be more profitable and pay more in taxes."

Meanwhile, Tsutsumi recently blew a chance to capitalize on what are conceded even by critics to be his good managerial skills. Elected last August to head the Japanese Olympic Committee, he bowed out in May. He

Kyodo

Yoshiaki Tsutsumi

had been criticized for trying to turn things to his own advantage: He wanted to lure the 1998 winter games to an area near resorts his company owns. Public relations isn't his thing.

Many of the billionaires on this list made their money buying and developing land in Tokyo. Yoshiaki inherited his big chunks of real estate. It was his father who started the empire that makes Yoshiaki, 56, worth an estimated $16 billion. Until now, he's never had to be a nice guy.—**Gale Eisenstodt**

TAIKICHIRO MORI

Please. More taxes.

The second-richest businessman in the world owes his wealth of $14.6 billion largely to possession of land in Minato-ku, the ward near parliament where he was born and which he transformed into a great commercial center of Tokyo. Mori, 86, is a developer who owns 78 office buildings, but in Tokyo almost all the value of these choice properties is in the the value of the land not the improvements.

Notwithstanding, Mori would actually like to see land prices in Tokyo fall, and makes a case for how that could happen. It begins with pressures for reform in Japan's crazy-quilt land tax, especially on "farmland" in urban areas. Taxes are so low on this space that there are thousands of precious acres in urban Tokyo supporting cabbages or fruit trees. A drastic change of land taxes is needed, Mori argues. "We will have to pay more tax with the change; but it's inevitable. And we are ready for it."

Japan's 1930 "rich list"

Nineteen-thirty was an important turning point in Japan's history. Nationalism was on the rise; by 1932 Japan's army had secured Manchuria.

In 1930 Teikoku Databank, today Japan's top corporate research firm, tallied up over 3,000 of Japan's wealthiest individuals. In 1933 an update was published as a slim volume ornamented with portraits of the successful men; Western-style top hats and round spectacles seem to have been in vogue. Of the group, 15 were billionaires in today's dollars.

Who was Japan's richest man in 1930? Teikoku Databank very diplomatically assigned the honor to two individuals: Hisaya Iwasaki and Hachiroemon Mitsui, the respective heads of the rival Mitsubishi and Mitsui *zaibatsu*. Each man had assets of Y400 million. According to estimates by Teikoku Databank and Japan's Economic Planning Agency, in today's yen that would be Y649 billion, or about $4.3 billion.

In fact this was only a fraction of Mitsui and Mitsubishi wealth. Eleven Mitsuis were in the 1930 directory, together worth over Y2 trillion, or nearly $16 billion in today's terms. The Iwasakis of Mitsubishi were a bit poorer: nearly $12 billion in 1930, in today's terms. By 1933 Teikoku Databank reported Mitsui holdings up some 20%, to $19 billion, the Iwasakis' to $13 billion. (Today's richest man, Yoshiaki Tsutsumi, has an estimated net worth of $16 billion.)

Other *zaibatsu* families appeared on the "rich list." The Yasuda family's wealth, based largely on banking, in 1933 came to over $5 billion. The Sumitomo family's fortune was put at nearly $4 billion. Also included were individuals not associated with the huge conglomerates. A few of today's billionaire families were already big enough to be noted in 1933: Murayama, founder of the newspaper *Asahi Shimbun* ($115 million); Hattori, creator of Seiko Group ($690 million); and Ishibashi, who started Bridgestone ($46 million).

Landowners, while not the force they are today, made a nice showing—the richest logged in at $760 million. So did money lenders and former *daimyo*, or military lords, including members of the Tokugawa family which dominated Japanese politics from 1600 to 1868.

After Japan surrendered to the Allied forces in 1945 the Occupation broke up large land holdings and set out to break the power of the *zaibatsu*. Payment to *zaibatsu* families for stock holdings was made in ten-year nonnegotiable government bonds. But the ensuing inflation made the compensation close to confiscatory. A capital levy ranging as high as 90% on assets of Y15 million and above further destroyed fortunes.

Today, Hachiroemon Mitsui, one of the two richest men in Japan back in 1933, is 94. He holds an honorary title at Mitsui Real Estate. If he still belongs on our list, his money is well hidden.—**Gale Eisenstodt**

Hachiroemon Takamine Mitsui

Ryohei Murayama

Kyodo

Hisaya Iwasaki

Taikichiro Mori

Robert Wallis/J.B. Pictures

And when the farmers finally sell, their acreage will be available to developers like Mori. "Over the past few years, something between 300 and 400 hectares [750 to 1,000 acres] of office space have been created per year in Tokyo," he says. "And this year's supply is said to be about 700 hectares. If the pace continues, there may be a glut of office buildings in the foreseeable future." He adds: "And when the Japanese economy loses its power, land prices may fall."

Developing is what Mori, a professor of economy until he was 55, wants to do most. He aims to build more complexes like his locally famous Ark Hills—office towers, condos, a hotel and a concert hall, finished in 1988. He very much wants land prices lower, even if it would cut into his paper wealth.—**Hiroko Asami**

KITARO WATANABE

Japan's first big real estate casualty

Watanabe is one of the multitude of Japanese billionaires whose main fortunes were made in the recent real estate boom. He's also one of the first to be in visible cash flow trouble. Watanabe, 56, owns Azabu Building, a real estate investment company, and Azabu Motors, a dealer of expensive imported cars like Mercedes-Benz and Rolls-Royce. The real estate is the bulk of the wealth—still estimated at a huge $9.2 billion, net of debt. It's also the bulk of the problem.

Watanabe used the first fortune he made selling the cars to buy most of his 1 million square feet of Tokyo land between 1984 and 1987, a period when lax monetary policies encouraged land speculation. But the Tokyo boom has cooled, and long-term interest rates have risen to 7% from 5% in two years. Admits an Azabu spokesman: "Our interest payment burden is getting severe." The Group shows $2.3 billion long-term debt, $300 million more than last year. It was more than a year ago that Watanabe sold his 20% stake in Koito, a car-parts maker, to T. Boone Pickens.

The land may be valuable, but it doesn't generate much cash to cover that debt service. Sources say Mitsui Trust Bank, Watanabe's main banker, will dispose of some of his real estate to pay down his debt. One clue: The bank has installed a vice president in Azabu Building.—**Hiroko Katayama**

Zaikai

Kitaro Watanabe

KICHINOSUKE SASAKI

Tokyo's Donald Trump?

Since the late 1970s Sasaki, 57, has bought hundreds of parcels and buildings—mainly in Tokyo's commercial Minato ward—going heavily into debt in the process. The debt totals $1.8 billion. The assets? Sasaki hinted to Forbes that they exceed $6 billion. Our more cautious guess is $3.6 billion. More troubling, Sasaki's interest and operating costs last year came to around $125 million. With rental income of only about $116 million, his estimated negative cash flow is around $9 million.

A bull on the Tokyo real estate market but a bear on Osaka *(see also Yoshimoto, p. 171)*, Sasaki claims a reserve fund of about $330 million. If rents continue to rise for several more years, Sasaki, who was a medical doctor before he built a clinic and discovered Tokyo real estate, should be able to catch up and close the gap. But he keeps buying more property: Last year he put another $650 million into 36 new properties, mostly in Tokyo. Within three years, he says, he plans to triple the floor space of his buildings, to 3.5 million square feet. Meanwhile, argues Sasaki, the land will gain value from redevelopment. His bankers, evidently figuring Sasaki is a builder—as opposed to a speculator—apparently intend to continue financing him. He—and they—are on an escalator to the sky. Can they avoid a bust? Sure. They just have to make sure they get off the escalator before land prices do.

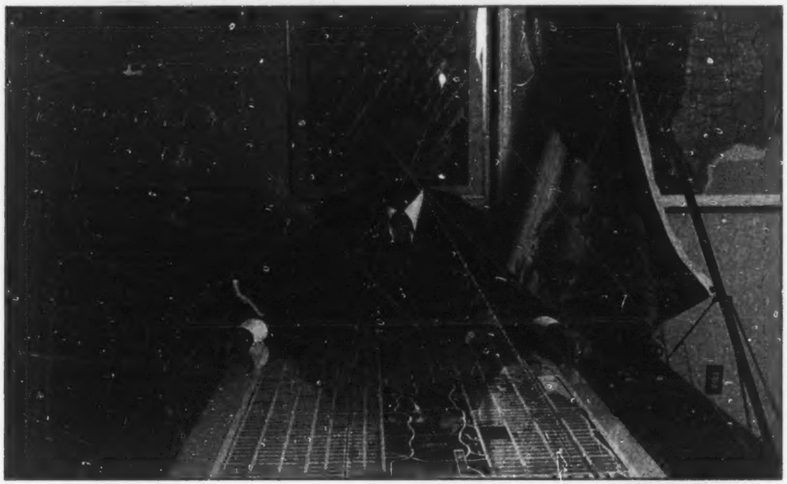
SHIGERU KOBAYASHI

Takeover war, Japanese style

As Kobayashi stampedes about the U.S. snapping up landmark buildings and writing goodwill checks to city governments and local philanthropies, Shuwa Corp.'s founder-president is being branded a corporate raider back home.

Robert Wallis/J.B. Pictures

Kichinosuke Sasaki



Shigeru Kobayashi

Kaku Kurita/Gamma-Liaison

Last year it was revealed that Kobayashi bought big positions in several Japanese retailers, including two supermarket chains with distinctly poor prospects. The apparent plan: merge them with Life Stores, another Shuwa investment headed by a friend from his World War II army days.

The supermarkets quickly called in Wasserstein Perella, which, with Nomura Securities, devised a very Japanese plan: The targets would issue each other shares to dilute Shuwa's holding—until a Tokyo court called the deal unfair.

Then Kobayashi's old war buddy suddenly announced a new stock distribution to Life shareholders. That pushed up the stock price, letting Kobayashi sell his 6% at a small profit. But he has not stopped shopping around. Shuwa is buying more shares of the supermarket chains.

Meanwhile, Kobayashi has also bought another building in downtown Los Angeles for $30 million, and one in San Francisco for $60 million. Last fall Shuwa joined with Tishman West for a first investment in Europe, a 250-year lease on Ashdown House in London, for about $154 million. All this takes money. Kobayashi has lots of assets, but they are getting leveraged: On some $6 billion in Japanese assets, his net worth seems to be near $2 billion.—**Gale Eisenstodt**

GENSHIRO KAWAMOTO

How to calm down the Americans

In 1987 Kawamoto drove around Hawaii in his white Rolls-Royce, known as the "Kawamotomobile," snapping up 178 rental properties for $170 million, including the famous Kaiser estate. The original plan was to refurnish, remodel and rent to rich visitors. That idea's been dropped, and now 60% of the houses have been rented back to the original owners at going market rates. But in the process, Kawamoto, age 58, managed to thoroughly alarm the entire island with his one-man invasion.

Genshiro Kawamoto

Robert Wallis/J.B. Pictures

That didn't stop him from a second wave of American buying. But this time, he was better received. Instead of buying existing houses in a land-tight market, Kawamoto acquired tracts, and built 423 houses in land-blessed Sacramento. This kind of development benefits local people, displaces no one, and creates jobs. Next, a project in Santa Rosa, with 149 houses and 74 condominiums, scheduled to be completed by the end of next year. For these projects, he's already invested about $188 million. More are planned in Sacramento.

It's a long way from the family kimono business he closed in 1965. In 1972 he launched Marugen K.K., which is now worth $1 billion and operates properties principally in the Ginza. If he heads back to Hawaii, maybe the Rolls-Royce should stay home.—**Hiroko Asami**

YONEICHI OTANI AND FAMILY

Keeping up with the Okura

Yoneichi Otani constantly strives to keep his namesake New Otani Hotel in the same top-tier bracket as his two primary Tokyo rivals, the Okura and the Imperial. If occupancy rates aren't as high as they are at the two competitors, Otani goes after more parties and weddings. He recently spent about $130 million to upgrade single rooms to bigger twin rooms—a luxury in crowded Tokyo. By all accounts, the New Otani is able to cater to every type of customer.

The group manages 15 other hotels in Japan. These include the Osaka New Otani—without question a very plush hotel—and a string of New Otanis in Los Angeles, Hawaii, Singapore and Beijing. But the Tokyo hotel is the flagship.

The Otanis are adding to it: Yoneichi, 74, is investing about $240 million in a 30-story office building to connect to the hotel's tower wing. It will house boutiques, party halls, a museum and offices—and bring in

Robert Wallis/J.B. Pictures

Yoneichi Otani

$65 million a year in rent.

The hotel business may be lucrative, but the Otanis' real wealth is the 745,000 square feet of central Tokyo Yoneichi and brother Kokichi inherited from their father, a onetime sumo wrestler and industrialist who bought it from an aristocrat. It's worth maybe $19,000 a square foot—and the family, all together, about $3.4 billion.—**Nobuko Hashimoto**

HARUHIKO YOSHIMOTO

Why Osaka land is not this year's buy

The Yoshimotos have been dedicated Osaka landlords for generations, in which time they have developed a precept: Never invest in securities, except maybe national bonds. Haruhiko, keeping the faith at 66, has never spent a penny on a share. With at least $3.1 billion in Osaka land, he's a good person to explain the almost mystical Japanese belief in land: "For the Japanese, land is gold. So if you see land, think of it as a lump of gold spread over the ground." Yoshimoto explained that no real Japanese thinks of leaving his island country, so land in Japan has a domestic value not related to values overseas and outside normal cash-return calculations.

Robert Wallis/J.B. Pictures

Haruhiko Yoshimoto

Precious enough to play rough for. Last year the Japanese media reported that the *jiageya*—professional criminals who specialize in scaring out small-scale landlords or tenants for large-scale buyers—had escalated their activities in Osaka. The reason quickly became evident: Land prices in Osaka have jumped 50%, even as land prices stayed stable in Tokyo. Among other things, the new Kansai International Airport near Osaka will open in three years.

But Yoshimoto told FORBES he thinks Osaka's land price rise last year was too sudden. He anticipates a 10%-to-20% drop to compensate. Yet he's not selling his land there. What else would he buy? Stocks that Crash?—**Hiroko Katayama**

TAMESABURO FURUKAWA

Golden years

One hundred years old, but still in my youth." Tamesaburo's formula for longevity—he celebrated his centennial in January—is green tea, and perhaps making donations.

He's also famous for not taking a check. Not since 1921, when he was nearly ruined by a financial panic. That's when he quit selling women's hair ornaments and got into movie theaters, restaurants and coffee shops. All cash businesses, no credit. But the old man did trust land, which he bought with some of that loose cash. Today the land appears to be worth well over $2 billion. What he did with the rest of the cash is less clear, except that he didn't spend it all.

If it weren't for Katsumi Furukawa, his eldest son, who died in 1986, Tamesaburo's film business might have stayed an obscure theater operation. But Katsumi started family-run Nippon Herald Corp. in 1957, and imported thousands of famous foreign films—making the family famous in the process. Today, the Herald Group owns 30 or so movie theaters, plus diversified film production, import and leisure businesses, run by Katsumi's eldest living son, 46-year-old Tameyuki Furukawa.

And old Tamesaburo? He wants to reproduce a 14th-century temple in his hometown. The original, the famous Kinkakuji in Kyoto, is thought to have been covered with gold. Furukawa is reported to be ready to pour nearly $200 million into the project. That's a lot of leftover change.—**Hiroko Asami**

Kyodo

Tamesaburo Furukawa

KEN HAYASHIBARA

Good riddance

Last year was a good one for 48-year-old Hayashibara: He finally lost a major tenant. Kabaya Confectionery Co., founded by Ken's father, finally agreed to move from a key 45,000-square-meter property near the Okayama city train station.

They'd been unhappy bedfellows for a long time. In the 1960s the management of Kabaya wrested control of the company and booted out Ken and his family. Since then, Hayashibara has sued the candy company four times for not paying rent properly. When Kabaya finally goes in 1991, it will free Hayashibara to develop the property—and maybe make some decent money on it instead of paying lawyers. RTKL Associates of Dallas is expected to compile a master plan by the end of this year.

Toshi Matsumoto/Sygma

Ken Hayashibara

Meanwhile, Hayashibara's company may have a hot product on its hands: natural human alpha interferon. Kenya Medical Research Institute, in Africa, reported earlier this year that AIDS symptoms can be alleviated within a few weeks with small amounts of the Hayashibara drug used in a novel way: low-dose oral therapy. The World Health Organization is said to be undertaking a verifying study in four African countries.

Real estate may be the financial

underpinning of the Hayashibara group now—currently worth an estimated $2.6 billion. But sustained biotech research and development may be the truly invaluable long-term asset.—**Hiroko Asami**

EITARO ITOYAMA

Unseated

Last year Eitaro Itoyama talked about starting a club of young, ambitious politicians to bring new life to the ruling Liberal Democratic Party. Money was no problem: He owns land, inherited five years ago from his entrepreneurial father, that is now worth about $5.8 billion. But getting re-elected was a problem. In elections last February, the ruling party held on to its position, but young—he's only 48—Itoyama was unseated. Political analysts say the public was probably so disgusted with money-politics scandals that it recoiled from the idea of a rich politician. On the other hand, some of his very American-sounding views—"Japan should not be on an equal footing with the States unless she increases her defense budget"—may have hurt too.

For the moment, Itoyama is keeping himself busy with his company, Shin Nihon Kanko Kogyo, which owns and manages golf courses and resorts in Japan. Most recently he invested about $330 million to develop a resort in Miyazaki, on the southern Japanese island of Kyushu, which will include a yacht harbor, cottages, private beach and an 18-hole golf course.

Business also takes him abroad, particularly the U.S., where he has been negotiating with "leading companies" to invest in resorts, his assistant told FORBES. Most of Itoyama's fortune is in Japan.—**Nobuko Hashimoto**

Kyodo

Eitaro Itoyama

YOHACHIRO IWASAKI

Bamboo. Of course.

At 88, Yohachiro Iwasaki still travels about Japan to check on the family business that his son, Fukuzo, 65, runs. A self-made man, Yohachiro has built up a business now estimated at about $5 billion.

He started with the lumber trade—which became big business from rebuilding after the major Kanto earthquake of 1923. Then real estate, especially resorts. His empire now includes forests, hotels, parks, resorts, land and sea transport—and a little petroleum sales on the side.

Kyodo

Yohachiro Iwasaki

Iwasaki has always preferred to develop property from scratch and create his personal vision rather than buy someone else's idea. Quite often the projects require many years to bear fruit, "but that's what he's like," explains Managing Director Koichi Ikehata. A prime example: his huge resort in Australia's Queensland. It will eventually include 12 miles of seashore, hotels, golf courses and tennis courts, and a 3,200-foot runway to accommodate arriving Japanese.

Back home, plans are more modest: A new jetfoil service to the remote islands of Tanegashima and Ogushima, in southern Japan, has increased tourist traffic over 30%, and the company is opening a new 54-room hotel.

It's a Japanese custom to ask the secret for keeping vigorous and healthy into extreme old age. Iwasaki's reply: "Always use your head, think about your work, walk a lot, massage the soles of your feet with bamboo, and do your best to be useful to society."—**Nobuko Hashimoto**

HIDEKI YOKOI

Still looking for respect

Yokoi bought Tokyo's prestigiously located Hotel New Japan in 1979, in part to gain status as a businessman. But the hotel burned down in 1982, killing 33, and Yokoi was sentenced to three years in jail because he failed to install required fire-prevention equipment. He's still out on bail, pending appeal.

The ruined hotel hasn't been torn down yet. Nor is it sold, despite press reports of interest by big Japanese conglomerates. But Yokoi has good reason to hold on: The site is now worth at least $1 billion, ten times more than before the fire, and it's no longer possible to find this large a parcel—2.1 acres—in the center of Tokyo. Especially not one near five subway lines, many hotels—and Kasumigaseki, the seat of the Japanese parliament. Yokoi told the local press he's almost ready to redevelop the land because he's almost through compensating the families of those killed in the fire as well as the tenants who had offices or restaurants in the hotel. Yokoi has also said he wants to put up a 50-story office building.

Yokoi first made his fortune in the military supply business, then real estate. His great wealth—$1.1 billion—hasn't bought the respect the 77-year-old Yokoi craves from Japanese society. A giant office building on the hotel site might be his last chance. Sometimes being a billionaire just isn't enough.—**Hiroko Katayama**

Kyodo

Hideki Yokoi

HEIZO KOBAYASHI

How to become a billionaire

Heizo Kobayashi, 77, made most of his $1 billion fortune in Shinjuku, an important Tokyo entertainment and shopping district. It's getting more important, with top land prices, particularly near Shinjuku railroad station, running as much as $17,000 a square foot—as pricey as in the more famous Ginza.

What's intriguing is how Kobayashi uses this expensive land. Instead of fashionable high-return retail shops there's a supermarket, camera store, coffee shop, a moderately priced restaurant, game arcades and convenience stores.

Zaikai

Heizo Kobayashi

Kobayashi bought his land cheap, decades ago, out of his income as a prospering retailer. As a new landlord he decided to stick to what he knew best: serving the basic needs of the shop owners, ordinary workers and college students who lived upstairs from the high-rent nightspots. Meanwhile, the land's value mushroomed. Today no other low-margin shops could exist paying the rents such land now commands on the market. So Kobayashi's are crowded in the evening with the owners of the nearby bars and restaurants. He also sells ice—a business he started after the war. So when the bars near Shinjuku station run out, they turn to the local billionaire.—**Hiroko Asami**

RINJI SHINO

How to live like a billionaire

At 82, Shino is used to elegance. Most days he lives in a suite at the Hilton in Osaka. He frequently enjoys Château Chino, red wine from his own winery in Bordeaux, when he lunches at the château-like clubhouse of his own golf course outside Osaka. "My husband is like a spoiled child," his wife says fondly. "He has led his life just as he wanted."

Rinji Shino

Robert Wallis/J.B. Pictures

Lest the routine get dull, Shino spends one-third of the year in France and elsewhere in Europe, often visiting his two sons, who work in Düsseldorf and Brussels. He likes to shop for Hermès ties and for art. He recently paid about $2 million each for three pieces by the famous Japanese painter Sharaku.

Rinji Shino is the 32nd generation of the Shino family, descended from the famous 12th-century Hei family. At age 25, Rinji took over the family businesses after the death of his father, who developed much of the Kansai district around Osaka before World War II: He had put in a resort, a hydroelectric plant and roads. He had made his importance and wealth plain to all: "At that time, my father was driving a Ford," says Shino.

Today, Rinji owns some ten companies in transportation, leisure, restaurants and gas stations. Total assets, including his real estate in Japan and France, near Fontainebleau, are worth $3 billion.—**Hiroko Katayama**

HIROTOMO TAKEI

The roads not taken

"Recently, I was told by a fortuneteller that I should have chosen a way to become a religious priest, not a businessman," sighs Takei. Poor Hirotomo! He's 69 years old, and missed his calling not once, but twice.

In his youth, Takei tried to be a newspaper reporter, but found he excelled at the business side of journalism. In 1951, two years after starting a magazine, he was going to start an Osaka edition of *Yomiuri Shimbun.* But he quit within six months and went back to Tokyo.

Using his publishing profits, he began buying real estate in 1958 and founded his Chisan group. It has more than 25 companies in real estate, hotels, leisure, restaurants, food and publishing. Chisan also has several publicly traded small companies he acquired control of in the late 1980s: delicatessen, cotton spinning, fishing equipment and computer software.

Sitting in his office surrounded by his own paintings and pottery, Takei does not look like the head of a serious Japanese conglomerate. He has long since decided not to wear a tie at the office—or even shoes, other than slippers—except when there's an occasion like a funeral or wedding. "I wanted to be free from everything," says Takei, whose worth we estimate at over $4 billion.—**Hiroko Katayama**

Zaikai

Hirotomo Takei

THE AMÉRICAS

COLOMBIA

PABLO ESCOBAR GAVIRIA

Over to Gustavo?

Pablo Escobar and the Medellín cartel he heads are on the run. Colombia's newly elected president, César Gaviria Trujillo, won a big plurality by promising to be tough on the drug dealers. The federales have seized 142 planes, 20 helicopters, 32 yachts, 141 homes, offices, ranches and villas—even Escobar's private zoo and his Spanish translation of Norman Vincent Peale's *Power of Positive Thinking.*

Escobar, probably still worth some $3 billion, reportedly fled a safe house near Medellín in November with nothing more than his jockey shorts and a submachine gun. Cohort Gonzalo Rodriguez Gacha wasn't so lucky: In December Colombian police killed him in a shootout.

Meanwhile, an annual University of Michigan study finds cocaine and crack use continues to fall among high school and college kids. Cocaine seizures outside Colombia totaled an astounding 140 tons last year—a dead loss of at least $1.5 billion to the Medellín cartel. The U.S. State Department estimates Colombia's total annual production at under 600 tons.

Escobar was reportedly spotted in March at a Colombian beach resort, despite plastic surgery and a beard. In Pablo's absence, cousin Gustavo Gaviria Rivero is said to be running things, for now.—**Claire Poole**

OCHOA FAMILY

The noose tightens

Like Pablo Escobar, the three cocaine brothers—Jorge, Juan and Fabio Ochoa—are also on the lam. Last August they reportedly scurried south to Brazil or Argentina with members of the Cali cartel. Colombian soldiers seized a big chunk of Ochoa farmland, part of an empire worth some $2 billion. The highlight: a $2 million, five-bedroom Medellín mansion belonging to Jorge's mistress. Out back stood their 9-year-old daughter's two-story Cinderella play castle, complete with a lake stocked with black swans.

Their father, Fabio Ochoa Restrepo, pleaded with then President Virgilio Barco: "Let there be dialogue, let there be peace, let there be amnesty." To his credit, Barco ignored the plea. Later, so did the Pope, and the noose is tightening: At least eight Ochoa first cousins have been hauled in by authorities; two, Mauricio and Fabio Enrique Ochoa, are being held in Miami on smuggling charges; another, Ricardo Isunza Ochoa, has been captured in Mexico. The Cartagena customs judge who freed Jorge Ochoa after he was extradited from Spain in 1986 recently got six years in jail. Panama's Manuel Noriega, allegedly once one of the Ochoas' major partners, awaits his trial in Miami on drug smuggling charges. The Ochoa brothers' days seem numbered.—**Claire Poole**

Tony Comiti/Gamma-Liaison

Pablo Escobar

Jorge Luis Ochoa

Sygma

BRAZIL

ROBERTO MARINHO

The other woman

After campaigning through his media network for Brazil's recently elected president, Fernando Collor de Mello, Roberto Marinho tasted some of the government's anti-inflationary medicine. Collor's economic shock lost Marinho some of his advertising but did not jeopardize all of it. Marinho runs *O Globo*, one of the country's most important newspapers, and Rede Globo TV network, the fourth largest in the world after ABC, CBS and NBC. The privately held family empire (estimated worth, $1 billion) also includes finance and insurance companies, cattle ranches and shopping centers, but they, too, are hardly recession-proof.

The Collor-Marinho connection traces back three decades to real estate deals between Marinho and Collor's father. The Collor de Mello family's television station in the northeastern Brazilian province of Alagoas is affiliated with the Globo network. And Fernando Collor's brother and campaign director previously worked at Globo.

Globo's juicy soap operas are practically a way of life in Brazil and are

Roberto Marinho

Antonio Riberio/Abril Imagens

The cocaine trade's up-and-comers

Carlos Humberto-TDC/Contact

Gilberto Rodriguez Orejuela

While the Medellín cartel reels, the Cali cartel, named after the Colombian city that is its base, is gradually taking over the slumping cocaine business. Drug Enforcement Administration officials here estimate Cali may now move half the cocaine entering the U.S., up from 10% just a few years ago.

Behind the Cali cartel are a couple of ambitious businessmen. Gilberto Rodriguez Orejuela, 50, and brother Miguel, 45, grew up in a poor section of Cali. They worked as clerks at a local drugstore. Miguel went on to study law at Cali's San Buenaventura University, but Gilberto (known as "The Chess Player") never finished high school. Instead, he bought a pharmacy and converted part into a cocaine lab. After earning a law degree, Miguel returned to help his brother.

Using their drug profits, together they have amassed a business empire called Grupo Rodriguez. The group's holdings have included, at one time or another: Colombia's Banco de los Trabajadores and Panama's First Interamericas Bank; two discount drugstore chains; 28 radio stations; commercial finance and investment companies; construction and real estate companies; two pharmaceutical companies; two agribusinesses; a toy company; America, the Cali soccer team; a Chrysler dealership; an auto racetrack; private security companies; motels; and two schools.

Whereas the Medellín cartel is a loosely affiliated group of around 70,000 people, Cali has a tight, more corporate structure, and employs up to 5,000 with a clear-cut chain of command. The Rodriguez brothers' hardworking partner, José Santacruz (The Student) Londono, 45, takes care of daily operations—smuggling, money laundering and the like.

In 1984 Gilberto Rodriguez traveled with the Medellín cartel's Jorge Luis Ochoa to Spain to set up a cocaine distribution network in Europe and buy 10,000 acres in Badajoz for coca cultivation.

But there has since been bad blood. The Cali forces got the blame for a car bomb attack on Pablo Escobar's penthouse apartment in Medellín. In retaliation, Escobar sent thugs to bomb Rodriguez' drugstores and radio stations. When a helicopter that was loaded with men and arms crashed near Escobar's Hacienda Napoles estate, a survivor said that they were paid by the Cali cartel to kill Escobar.

Now that their cocaine is moving in big volume, the Rodriguez brothers are preparing for the worst. Under indictment in the U.S. for drug trafficking, Gilberto Rodriguez has retained Washington, D.C. attorney Michael Abbell, a former Justice Department official who was once in charge of extraditing drug traffickers to the U.S.—**Claire Poole** exported to 90 countries. Marinho stars in his own private soap opera: This year, at 85, he sought a divorce from longtime second wife, Ruth, to marry Lily de Carvalho, Rio socialite, a mere 69, who was the 1938 Miss France. Estranged Ruth wanted half his fortune. A settlement is in process. Stay tuned.—**William Heuslein**

SEBASTIÃO CAMARGO

Charting the future

President Collor de Mello's radical attempt to garotte hyperinflation seems sure to choke off many a construction project. That would be bad news for Camargo's $5 billion (revenues) construction and engineering conglomerate, Camargo Corrêa, but for the fact that Camargo diversified before Collor came along. The group is now into fields as far removed as textiles and finance. Big, solidly financed and diversified industrial groups like Camargo's should be better able than most to cope with—and even ultimately benefit from—Collor's economic catharsis.

Now 81, Camargo has three sons-in-law working at the company. He reportedly hired an American consulting firm to help set up succession plans. But he will not go quietly. Camargo still visits the active construction sites of the company that he and his partner, the late Sylvio Corrêa, built up starting in the 1930s from a small subcontracting firm. Estate planning for such Brazilian wealth, say informed Brazilians, seems to center not on the question of when one dies, but rather if.—**William Heuslein**

Luis Dantas/Abril Imagens

Sebastião Camargo

ANTÔNIO ERMÍRIO DE MORAES AND FAMILY

Collor my world

With more than $2 billion in revenues and net assets of at least $1.6 billion, the Ermírios' São Paulo-based Votorantim is Brazil's largest private sector industrial group by assets. Recently family patriarch Antônio Ermírio has been planning on large-scale investments in aluminum, mining, paper and woodpulp, cement, and maybe petrochemicals.

But President Collor's plan to open Brazil to outside competition could put the squeeze on parochial Votorantim, if it comes to pass. The word from Brazil is that Antônio Ermírio is privately skeptical about Collor's economic package. Publicly, most Brazilian business leaders supported Collor at first. But their objections were completely ignored when Collor earlier this year in effect seized temporarily a large portion of the nation's financial assets. In Ermírio's case, he was reportedly caught with $500 million playing the overnight money market—a Brazilian way to keep up with hyperinflation—when his funds were frozen. Obviously he is not poor from reform. But Antônio Ermírio is already prepared for austerity. At 62, he often drives his own modest car, and doesn't follow fashion trends: He wears dated suits. A workaholic (13-hour days), Ermírio says that he hasn't taken a vacation in 30 years.—**William Heuslein**

Renato Dos Anjos/Abril Imagens

Antônio Ermírio de Moraes

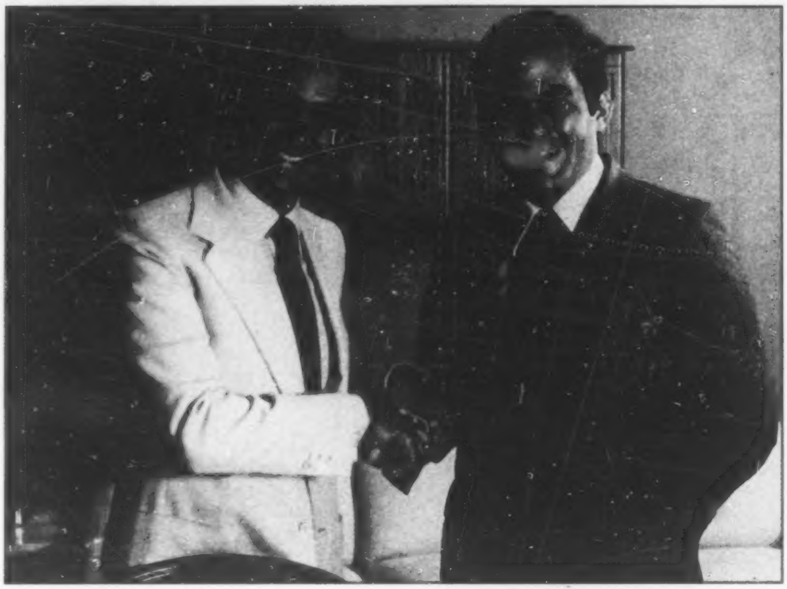
VENEZUELA

CISNEROS FAMILY

Back to the Americas

The Cisneros brothers have finally given up their own redevelopment of London's Paternoster Square, 4.2 acres adjacent to St. Paul's Cathedral. Last October the brothers sold the property for £160 million, around £80 million less than they paid for it—although they did retain a participating interest that could yield as much as 30% of the project's profits on completion. Target date: 1994.

Disappointed by this and other problems in the U.K. property market, the Cisneros brothers—Gustavo, 45, and Ricardo, 41—hope to do better



Gustavo and Ricardo Cisneros

with their businesses in this hemisphere. Their U.S. base is Spalding & Evenflo Cos., a sporting goods and baby products company bought in 1984. The brothers are on the prowl for a large U.S. consumer product company.

In Venezuela, Organización Diego Cisneros, started by their father, continues to grow, despite the country's economy. The company has the world's largest independent Pepsi franchise; supermarkets; department stores; and baby food, beauty aids and packaging companies. Its first major investment in basic industry—$280 million for 40% of a local aluminum processor—will come on stream in 1992. Right now the brothers are looking into Venezuela's newly privatized petrochemical industry, which had been a government monopoly since 1976.—**Claire Poole**

MEXICO

GARZA SADA FAMILY

Northward flows the capital

Last October Vitro, the $1.2 billion (sales) Mexican glass company controlled by the Sada side of the Garza Sada family, paid over $900 million for Anchor Glass Container Corp. of Tampa, Fla. It was the largest Mexican takeover ever in the U.S.

Bernardo Garza Sada

Sipa

Turning Anchor around will be hard work. The Sadas have replaced Anchor's top management and have refinanced part of Anchor's debt. Over the next five years they plan to outfit Anchor with $400 million of Vitro-designed equipment—all part of a plan to let Anchor go after formidable market leader Owens-Illinois.

From Monterrey the extended family controls three other big Mexican companies. Alfa, the $2 billion steel and petrochemical combine, has slashed debt from $2.7 billion to under $1 billion. It has also purged most of its foreign shareholders so it can invest in fields restricted to Mexican capital. Now, Alfa is looking at the 54% stake in Telefonos de Mexico the government is putting up for sale, as well as the steel company Sidermex.

The family's other two companies are Cydsa, the $550 million (sales) plasticsmaker, and Visa (sales, $1.2 billion), which brews Dos Equis and Tecate. Thanks to energetic restructuring and expansion of the group's assets—and to Mexico's recovery—their stake in the four publicly held companies comes to more than $2 billion.—**Claire Poole**

CANADA

CHARLES BRONFMAN

Less passive?

Charles Bronfman, Seagram heir and brother of New York-based Edgar, was burned when Cineplex Odeon (Forbes, *May 29, 1989*) got into trouble; its stock fell from 16 in April to 8½ in December 1989. Bronfman's investment vehicle, Claridge, owned 30% of the theater chain. Cofounder Garth Drabinsky wanted Bronfman's shares. But MCA, with 33% of the votes, blocked the deal. In December Bronfman raised his stake to 34%; being Canadian, he got in his Claridge executive as chairman, who cut costs.

One source thinks Bronfman might sell the 147 Canadian theaters, perhaps to Astral Bellevue, a company one-third owned by his cousins Edward and Peter (worth half a billion). Cineplex has sold 90 of its 342 U.S. houses. This year it wants to pay off $200 million of debt, over a third of the total. With $1.6 billion, including 17% in Seagram, Bronfman can keep Cineplex stock until new management straightens out operations.

Bronfman recently teamed with

Chris Morris/Financial Post

Charles Bronfman

Meanwhile, closer to home . . .

Even with sagging property values and Donald Trump's high-profile problems, the U.S. continues to hold the world lead in billionaires, with 62 identifiable individuals having a net worth estimated at over $1 billion as we go to press. Next, but still far ahead of the rest of the world, are Japan (with 40 billionaires)—where stratospheric real estate prices account for 16—and Germany (with 38). But a count of 62 for the U.S. is not the whole story; there are also 37 American families (comparable to the foreign families included on these pages) with estimated net worths exceeding $1 billion. The U.S. billionaires will be updated and covered in detail in the ninth annual Forbes Four Hundred, appearing in October.

Name/*Source of wealth*	**Net worth**
Kluge, John Werner/*Metromedia*	$5.2 billion
Buffett, Warren Edward/*Stock market*	3.8 billion
Gates, William Henry III/*Microsoft*	3.2 billion
Perelman, Ronald Owen/*Leveraged buyouts*	2.8 billion
Walton, Sam Moore/*Wal-Mart Stores*	2.7 billion
Walton, Alice L./*Inheritance (Wal-Mart Stores)*	2.7 billion
Walton, Jim C./*Inheritance (Wal-Mart Stores)*	2.7 billion
Walton, John T./*Inheritance (Wal-Mart Stores)*	2.7 billion
Walton, S. Robson/*Inheritance (Wal-Mart Stores)*	2.7 billion
Redstone, Sumner Murray/*Movie theaters, investments*	2.7 billion
Newhouse, Samuel Irving Jr./*Publishing, cable TV*	2.6 billion
Newhouse, Donald Edward/*Publishing, cable TV*	2.6 billion
Wexner, Leslie Herbert/*The Limited, Inc.*	2.6 billion
Arison, Ted/*Carnival Cruise Lines*	2.5 billion
Anthony, Barbara Cox/*Inheritance*	2.5 billion
Chambers, Anne Cox/*Inheritance*	2.5 billion
Perot, Henry Ross/*Electronic Data Systems*	2.5 billion
Pritzker, Jay Arthur/*Financier, manufacturing*	2.4 billion
Pritzker, Robert Alan/*Financier, manufacturing*	2.4 billion
Taubman, A. Alfred/*Real estate, art*	2.2 billion
Bronfman, Edgar Miles/*Seagram Co.*	2.0 billion
Bren, Donald Leroy/*Real estate*	1.9 billion
Crown, Lester (and family)/*Inheritance, industrialist*	1.8 billion
Packard, David/*Hewlett-Packard*	1.8 billion
Feeney, Charles F./*Duty Free Shoppers*	1.7 billion
Koch, Charles de Ganahl/*Inheritance (oil services)*	1.7 billion
Koch, David Hamilton/*Inheritance (oil services)*	1.7 billion
Helmsley, Harry Brakmann/*Real estate*	1.7 billion
Hillman, Henry Lea/*Industrialist, venture capital*	1.7 billion
LeFrak, Samuel Jayson/*Real estate*	1.7 billion
Simmons, Harold Clark/*Investments*	1.7 billion
Turner, Robert Edward (Ted)/*Turner Broadcasting System*	1.7 billion
Davis, Marvin Harold/*Oil, entertainment, real estate*	1.7 billion
Stern, Leonard Norman/*Pet supplies, real estate*	1.5 billion
Mars, Forrest Edward Sr./*Candy*	1.5 billion
Mars, Forrest Edward Jr./*Candy*	1.5 billion
Mars, John Franklyn/*Candy*	1.5 billion
Vogel, Jacqueline Mars/*Candy*	1.5 billion
Bass, Robert Muse/*Oil, investments*	1.4 billion
Bass, Lee Marshall/*Oil, investments*	1.4 billion
Hunt, Ray Lee/*Inheritance, oil, real estate*	1.4 billion
DeBartolo, Edward John/*Shopping centers*	1.4 billion
Annenberg, Walter Hubert/*Publishing*	1.4 billion
Milliken, Roger/*Textiles*	1.4 billion
Tisch, Laurence Allan/*Loews Corp.*	1.3 billion
Tisch, Preston Robert/*Loews Corp.*	1.3 billion
Kauffman, Ewing Marion/*Marion Laboratories*	1.3 billion
Anschutz, Philip Frederick/*Oil, railroads*	1.3 billion
Cooke, Jack Kent/*Real estate, investments*	1.3 billion
Icahn, Carl Celian/*Financier*	1.3 billion
Bass, Sid Richardson/*Oil, investments*	1.2 billion
Kerkorian, Kirk/*Investments*	1.2 billion
Bechtel, Stephen Davison Jr./*Engineering, construction*	1.2 billion
Getty, Gordon Peter/*Inheritance (oil)*	1.2 billion
Hill, Margaret Hunt/*Inheritance (oil)*	1.2 billion
Rockefeller, David/*Inheritance, banking, real estate*	1.1 billion
Reynolds, Donald Worthington/*Publishing*	1.1 billion
Hewlett, William Redington/*Hewlett-Packard*	1.1 billion
Murdoch, Keith Rupert/*Publishing*	1.1 billion
Bass, Edward Perry/*Oil, investments*	1.0 billion
Gaylord, Edward Lewis/*Media, real estate*	1.0 billion
Ziff, William Bernard/*Publishing*	1.0 billion

U.S. family fortunes estimated at over $1 billion

du Pont/*Inheritance (Du Pont)*	$10.0 billion
Cargill/MacMillan/*Cargill, Inc.*	4.8 billion
Hearst/*Inheritance (media)*	4.4 billion
Mellon/*Inheritance*	4.2 billion
Dorrance/*Campbell Soup*	3.8 billion
Milliken/*Textiles*	2.8 billion
Lilly/*Pharmaceuticals*	2.3 billion
Busch/*Anheuser-Busch*	2.0 billion
Phipps/*Inheritance (steel)*	1.9 billion
Upjohn/*Inheritance (Upjohn Co.)*	1.9 billion
Hughes/*Inheritance*	1.8 billion
Ford/*Inheritance (Ford Motor)*	1.7 billion
Disney/*Walt Disney Co.*	1.6 billion
McCaw/*McCaw Cellular*	1.6 billion
Dayton/*Dayton Hudson*	1.5 billion
Lauder/*Cosmetics*	1.5 billion
Collier/*Real estate*	1.5 billion
Rudin/*Real estate*	1.5 billion
Bancroft/*Dow Jones*	1.4 billion
Scripps (E.W.)/*Inheritance (newspapers)*	1.4 billion
Blaustein/*Inheritance (oil)*	1.4 billion
Chandler/*Times Mirror*	1.4 billion
Cullen/*Oil*	1.3 billion
Hall/*Hallmark Cards*	1.3 billion
Hoiles/*Publishing*	1.2 billion
Nordstrom/*Retailing*	1.2 billion
Donnelley/*R.R. Donnelley & Sons*	1.1 billion
Wattis/*Inheritance (Utah International)*	1.1 billion
Gund/*Inheritance*	1.0 billion
Temple/*Inheritance (timber)*	1.0 billion
Marriott/*Inheritance (Marriott)*	1.0 billion
Weyerhaeuser/*Inheritance (timber)*	1.0 billion
Weis/*Weis Markets*	1.0 billion
Durst brothers/*Real estate*	1.0 billion
Allen/*Stock market, real estate*	1.0 billion
Bacardi/*Liquor*	1.0 billion
Brown/*Whiskey*	1.0 billion

Robert Maxwell in an unsuccessful bid for the *Jerusalem Post.* Claridge has over $60 million invested in Israel; a spokesman says Bronfman is looking for more Israeli investments to "demonstrate his faith." He also owns the Montreal Expos.—**Manjeet Kripalani**

KENNETH COLIN IRVING AND FAMILY

New Brunswick's economic miracle

Over the past year the Irving family has been elbowing its way hard into the U.S. Two years ago they had three gasoline stations in Maine; now they have 200, plus 25 in New Hampshire. In addition, the Irvings own 2 million acres of timber in Canada's Maritime Provinces and in Maine; paper mills; Canada's largest and most efficient oil refinery; more than 1,000 service stations; trucking companies; one of Canada's best shipyards; and a fleet of ships. Not to mention the entire English-language press in New Brunswick.

A living legend at 91, K.C. Irving started with a single gas station in 1924 and today controls his kingdom from his estate in Bermuda or his summer penthouse in St. John, New Brunswick. His three sons, James, Arthur and Jack (known among employees at petroleum-based Irving as "Oily, Greasy and Gassy"), are college dropouts—like their father. They manage the day-to-day functions.

In many ways, the Irving empire is run much like the corner grocery store, which could someday cause problems in so vast a business. But so far the publicity-shy Irvings have done just fine, thank you. With a net worth of $5 billion and growing, the Irvings continue to provoke wrath and inspire awe. They have political influence and they know how to use it.—**Manjeet Kripalani**

Peter Redman/Financial Post

K.C. Irving

GALEN AND GARRY WESTON

Hyperflop cleanup

Galen Weston, age 49, controls George Weston Ltd. from Toronto, while his brother Garry, 62, in London, quietly rules giant Associated British Foods.

The enterprising Galen has been cleaning up a mistake: his decision in the late Seventies to open hypermarkets across Canada. The stores were successful in wide-open western Canada, but they bombed in eastern Canada.

Brian Condron/Financial Post

Galen Weston

What to do? Galen Weston converted some of the hypermarkets into regular Loblaws Supermarkets, Canada's largest supermarket chain (Loblaws is a George Weston division). Most of the remaining space has been converted into department stores, movie theater complexes and fast-food outlets. George Weston currently is focusing on what it does best: food processing and distribution.

In London, brother Garry owns 63% of ABF, which provides a third of Britain's bread and owns top-selling brands such as Twinings tea. After selling such assets as Gateway Plc. last year *(see Germany's Erivan Haub),* ABF is now sitting on nearly $2 billion in cash. Observers reckon that Garry Weston might bid a second time for Berisford, the U.K.'s largest sugar company.

Garry Weston

Garry Weston is cautious; he reportedly takes the underground to meet his bankers. Extroverted Galen is well known in Britain, where he spends two months a year, for playing polo with Prince Charles.

All of which would make the original George Weston, who was a baker's apprentice, proud. The family holdings in Weston Ltd. and ABF are up to a total of $2.7 billion.—**Manjeet Kripalani**

PAUL, ALBERT AND RALPH REICHMANN

The $6 billion canary

Easily Canada's wealthiest family, with a combined fortune of $9 billion, the Reichmanns can take in stride the much-reported crumbling of Campeau's empire, in which they have a $600 million investment.

But can they take in stride the general weakening of the real estate market in the U.S. and the problems of their $6 billion Canary Wharf project in London?

Probably. Their base is 50 million square feet of prime real estate in North America alone. Mortgages on the family's properties in New York, where their Olympia & York owns 25 million square feet, suggest that the Reichmanns have financed their deals with roughly as much equity as debt—pretty conservative leverage for property developers.

The Reichmanns also own a $5-

Paul Reichmann

Peter Redman/Financial Post

billion-plus portfolio of blue-chip Canadian energy-, land- and industry-related stocks. And they are planning to take their giant GW Utilities private.

But huge Canary Wharf is off to a rocky start. Currently about 20% of the proposed 11 million square feet has been committed. Rents in the City of London have dropped by almost 20%, and U.K. real estate market observers say the brothers have been offering competitive tenant inducements. Yet the Reichmanns are looking even further afield: Olympia & York is proposing a $250 million, 60-story office tower in downtown Moscow and bidding with a consortium of Japanese banks to design office buildings on 15 million square feet in Tokyo.

The Toronto-based Reichmanns have come a long way since the family fled Austria in 1938. They are highly regarded in property circles for their intelligence, honesty and quality work. Still, the weak property markets here and in London will test their skills.—**Manjeet Kripalani**

KENNETH ROY THOMSON

Working on Hudson's Bay

The reigning Lord of Fleet, 66, consolidated the family's far-flung media and leisure travel businesses last year into Thomson Corp. By one count it is the world's fourth-largest media conglomerate, after Time Warner, Bertelsmann and Capital Cities/ABC. The group owns over 200 U.S. and Canadian publications, including the Toronto *Globe and Mail* and *American Banker*.

Meanwhile, the big U.K. travel business was down last year, in part because of high interest rates. And Thomson's 1979 acquisition of 75% of Canada's Hudson's Bay Co. has yet to prove itself. Son and heir apparent David, 33, was reportedly involved in turning around one of the Bay's several chains (Zellers); and recently analysts have been sounding optimistic on the rest. Thomson wants to spin off Markborough Properties, Hudson's Bay's real estate subsidiary that represents a big chunk of Hudson's market value.

Canapress

Kenneth Thomson

Unlike his flamboyant father, Roy Thomson, Kenneth Thomson lives modestly, tending his 200 valuable Cornelius Krieghoff paintings, his rare ivory carvings—and 70% of Thomson Corp., recently worth nearly $5 billion.—**Manjeet Kripalani**

EATON FAMILY

Success breeds cohesion

The legacy of the first Eaton in Canada (Timothy, an Irish emigré who opened his Toronto store in 1869) currently is worth some $1.3 billion to his great-grandchildren. They preside over Eaton's, Canada's largest retailer after Sears, Roebuck: 110 stores nationwide, with estimated profits of $50 million.

The Eaton family is by now as Canadian as the maple leaf: One out of five Canadians has worked for Eaton's at some time. In Toronto Eaton Centre and Eaton's flagship store have become major tourist attractions.

Of the current generation Fredrik Stefan, 52, is the chairman of T. Eaton Co., the retailer. His brother George Ross, 44, is the president. Another brother, John Craig, 53, runs holding company Eaton's of Canada with his brother Thor, 47.

The Eatons also own 52% of Baton Broadcasting, the private Canadian television broadcaster.

If there is a weak spot, it is a small one: Simpsons, the Toronto-area department store chain that is controlled by the Thomsons *(which see)*, has a store next to the Eaton Centre. Some Toronto shoppers say that the Simpsons store is better on quality and image.

On the other hand, the Eaton family has not prospered for a century through complacency.

With all those brothers, you would expect family infighting, but none is discernible. "The decision making is remarkably cohesive," says William Chisholm, retailing analyst at Loewen, Ondaatje. "You might even say boring."—**Manjeet Kripalani**

Fredrik Eaton

Photos by Brian Condron/Financial Post

John Craig Eaton

EUROPE

DENMARK

KRISTIANSEN FAMILY

The perfect toy

For four decades the Kristiansens have been producing those ubiquitous little plastic Lego construction bricks. Lego Group is a closely held, secretive company. Sales are an estimated $700 million, up 15% last year. The family is worth $1-billion-plus.

Lego Group was founded in 1932 in the small Jutland town of Billund, by carpenter and joiner Ole Kirk Christiansen (the younger generation changed the spelling). At first he made ironing boards, stepladders and wooden toys. The name Lego comes from the Danish *leg godt,* or "play well."

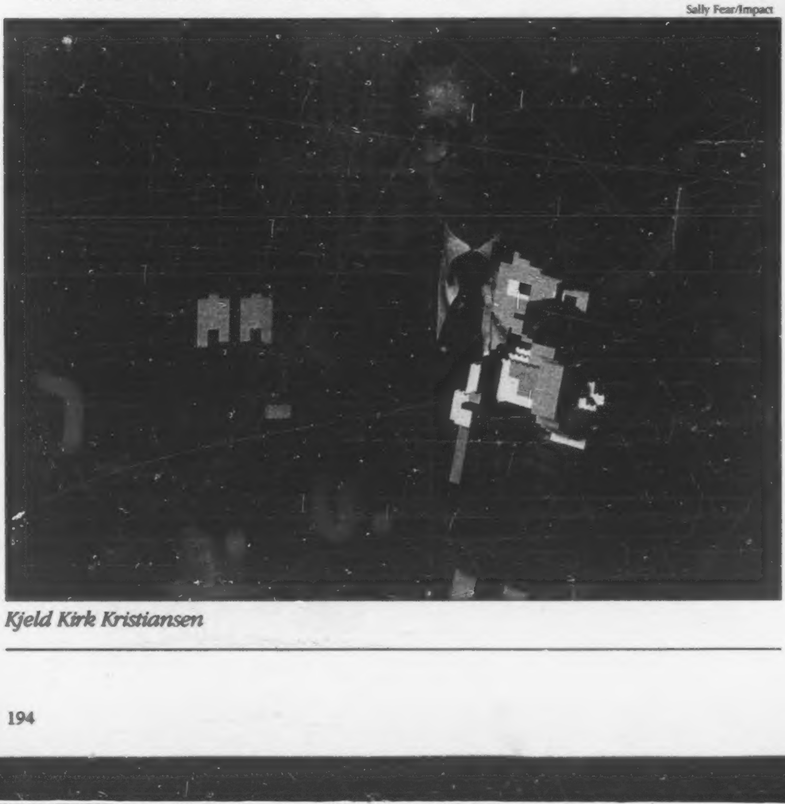
In 1949 Christiansen tried plastic bricks. By 1958 the last interlocking configuration, in use today, was perfected. (Six of the eight-stud bricks can be combined in 102,981,500 ways—this is not counting colors.)

Ole's son Godtfred Kirk Christiansen saw that his father's little bricks fulfilled his ten principles defining the ideal toy:

- unlimited variations for play
- no time limit on play
- good for all ages
- for boys and girls alike
- good all year round
- never out of date
- safe and of good quality
- stimulating, but with no fighting
- encourages imagination
- and the more of it the kid buys, the better the toy gets.

It's those add-on purchases that keep Godtfred, now 70, and his son, current president Kjeld Kirk Kristiansen, 42, smiling. Rather than just replacing older Lego bricks, new shapes and sizes revive and enhance the toy. Now Lego even sells software to computer-control Lego constructions. For those who want to see the toy's full potential, there's the Legoland amusement park in Denmark, complete with Lego cities and Lego Statue of Liberty, as well as Lego Mount Rushmore.—**William Heuslein**

Sally Fear/Impact



Kjeld Kirk Kristiansen

GREECE

STAVROS NIARCHOS

Greek tragedy

This legendary shipowner and archrival of the late Aristotle Onassis likes to call himself a "first-generation Niarchos." His father married the daughter of a prosperous grain miller from Piraeus, then immigrated to Buffalo, N.Y. The couple grew homesick. On July 3, 1909, three months after they returned to Piraeus, Stavros was born. He eventually went to work in the family flour mill.

Benaroch/Sipa

Stavros Niarchos and sons

The young man saw that most of the mill's wheat was imported, and he realized he could save the mill money by buying, instead of chartering, ships to transport the grain. In 1935 he bought his first ship, reportedly for $50,000. A decade later he began convincing major oil companies to sign long-term charters for yet unbuilt tankers. He then parlayed the contracts into financing for ships.

Rivalry with Aristotle Onassis spurred Niarchos to build Greece's first shipyard, in 1957. Onassis countered by founding Olympic Airways. The rivalry did not stop at business. As in a Greek tragedy, in 1947 Niarchos married Eugenia Livanos, daughter of another famous Greek shipping magnate. It was one year after Onassis had married Eugenia's sister, Tina. Eugenia died in 1970 of an overdose of sleeping pills.

In 1971, after a brief marriage to Charlotte Ford, Niarchos married Tina Livanos Onassis, by then Aristotle's ex-wife and mother of Christina Onassis. Like her sister Eugenia, Tina died of an overdose of sleeping pills, in 1974.

While his private life has been tragic, Niarchos has triumphed in business. He currently owns 24 vessels worth an estimated $300 million—8 tankers and 16 bulk carriers. At 81, he has far more than ships: a substantial portfolio of U.S. Treasurys, blue-chip stocks, real estate and gold and one of the world's finest private collections of Impressionist art, much of it at his 18th-century Hôtel de Chanaleilles in Paris. FORBES found an estimated $1.2 billion of net worth.—**Spyros Manolatos**

JOHN LATSIS

A Greek bearing gifts

John Latsis, 80, keeps a model of the ferry he worked on in his office, lest he forget his humble origins. Born to a poor family from the Peloponnisos, Latsis was at first a fisherman, then a baggage handler on the Aegean ferries. He got his break in the 1930s, when he became the European representative for United Molasses of Egypt. Through Arab contacts he got financing for two ships based on a contract to transport Muslim pilgrims to Mecca. He eventually became close friends with King Idris of Libya and President Nasser of Egypt. It is believed he lent his whole fleet to Egypt in its 1967 war with Israel.

Latsis reportedly bought fellow Greek shipping tycoon Stavros Niarchos' yacht, the *Atlantis*, for $35 million and gave it to King Fahd of Saudi Arabia. Renamed the *Abdul Aziz* this is the yacht often described as the most opulent in the world. From such generosity have come lucrative contracts. One of Latsis' most recent projects is a 50-50 joint venture with Petromin, the Saudi state oil company—the new $3.5 billion refinery in Rabigh near the Red Sea.

L'Hebdo

John Latsis

Latsis' oil interests are held under Petrola International. For construction work, he uses his Geneva-based Société Générale pour l'Industrie. He owns Banque de Dépôts of Geneva equity, $177 million. In 1989 Latsis founded Private Bank & Trust Co. in London with what is thought the largest initial equity ever approved by the Bank of England—£100 million. His umbrella company is Interlatsco, of Luxembourg.

Latsis is married to his childhood sweetheart. They have two daughters and one son, Spyros, who has a doctorate from the London School of Economics and is being groomed in Geneva to take over the business—and be generous.—**Spyros Manolatos**

GOULANDRIS FAMILY

Will the cousins return?

All 32 first cousins in this closely knit Greek shipowning family hail from the island of Andros, whose tradition of commerce dates to ancient times. The family fortune was created by the cousins' grandfather, Captain Ioannis Goulandris. The captain's grandsons now tend to a shipping-real-estate-art-liquid-investments fortune that's estimated at $1-billion-plus.

There are three basic branches of Goulandrises. N.J. Goulandris, based in Zurich, has the largest shipping fleet, 6 tankers and 13 bulk carriers. A second branch operates as Goulandris Bros., based in London, with 4 bulk carriers. The third branch goes by the corporate name Orion & Global Chartering, with principal offices in New York and London.

Orion & Global liquidated its 25 vessels in 1986-87 to continue diversifying into real estate throughout the U.S. and London, and even Greece. Among other things, Orion owns its office building at 29 Broadway in New York. This branch may be the richest: In 1985, before selling the ships, Orion could show $500 million in liquid assets.

The Goulandris family is now dipping a toenail into Greece. Early this year the cousins teamed up with fellow Greek shipping magnates Vardinoyannis and Livanos to buy the defunct Bank of Chios from the state-controlled National Bank of Greece for nearly $17 million. The money is not significant to them, but the move might be.

This is one of the first attempts by the Greek government at privatization, after years of would-be socialism. These shipowners, who typically keep their business assets far away from Greece, are giving their homeland a small try.—**Spyros Manolatos**

UNITED KINGDOM

GERALD CAVENDISH GROSVENOR

Long-term view

The Grosvenor Estate has always been a long-term investor," says Daryl Delmotte, who runs Grosvenor International Holdings Ltd., the estate's Vancouver-based international investment operation. It's an outlook that turned a 17th-century snipe bog dowry into a $3-billion-plus global property empire controlled by Grosvenor, sixth Duke of Westminster, now 38. Its core holdings are in London's Mayfair and Belgravia but spread as far as North American shopping centers and an Australian sheep station.

Topham/Image Works

Gerald Cavendish Grosvenor

Some of that is a 10% to 20% piece of over $2 billion in partnerships with institutional investors, pension funds and big private individuals, for which Grosvenor supplies advice as well as equity. They invest with a ten-year time horizon, strictly in English-speaking countries, where the culture and legal systems are familiar.

Grosvenor's favorite choice: Vancouver, B.C., burgeoning, clean, pleasant, and full of Hong Kong flight capital. The U.S. ranks high, too. Grosvenor recently launched a partnership with Sweden's Lundbergs *(which see)* that picked as its first project a $75 million office building in Sacramento, Calif. Buy or build North American West Coast, Delmotte's saying, but stick to quality. No snipe bogs, please.—**William Heuslein**

ROBERT MAXWELL

Growing empire

I love America," Robert Maxwell says. And well he should. Maxwell Communication Corp., once a humdrum, low-margin printer, is now a high-profile publisher, with 90% of its assets and 80% of its sales and operating profits in the U.S. The holdings include Macmillan, Official Airline Guides and Pergamon Press.

Terry O'Neill/Sygma

Robert Maxwell

Maxwell, 67, and his family own 53% of MCC, which is worth $1.2 billion. There's also his private Mirror Group—primarily British newspapers—worth an estimated $500 million, and Pergamon Holdings, a private investment company.

He's currently in a whirl of new activity: an English-language pan-European weekly, launched in May to mixed reaction; 40% of a Hungarian newspaper, *Magyar Hirlap*; and many Israeli investments.

The latter include one-third of *Maariv,* Israel's second-largest newspaper; 18% of Teva Pharmaceutical; and 27% of a maker of electronic graphics equipment. "I'm a great believer that peace will eventually come to the area," Maxwell told FORBES. He may also be betting on Israel's increasing moves to privatize its heavily socialized economy. Whatever, he believes in it enough to put in $200 million so far.—**William Heuslein**

OCTAV BOTNAR

Panamanian puzzle

If one is to believe Octav Botnar, he no longer has any stake in or control over the giant Nissan UK auto distributor he founded in 1968. He has told the press that he "gave" his 71.5% ownership in NUK, now worth $1.2 billion, to a Panamanian charitable trust in 1975.

A Panamanian trust is a great way to stash cash, pay no tax, retain control and regain ownership at will. Under Panamanian law, your charitable trust can be revocable and you can name yourself beneficiary. And you do not have to distribute income unless you want to. Fiduciaries, representatives, employees governmental or private—anyone involved—must keep strict secrecy or draw up to six months in jail and fines. However, the one thing you will probably not do is actually transfer any assets to Panama.

As the sole distributor of Nissan, Botnar supplies 6.2% of England's autos, and NUK (sales, $1.9 billion) is a model of vertical integration. It owns land at the ports of Bristol and Teeside, where cars are unloaded; the trucks to haul cars; and 200 of the 420 outlets. His retail/financing arm was split off last year as a separate entity and sold to Union Bank of Switzerland in Luxembourg. Cut through all the international tax law complexity, and what you find is a very smart billionaire whose money will serve a greater common good—but who will remain in firm control for as long as he wants.—**Dolores Lataniotis**

Jack Burke

Octav Botnar

DAVID SAINSBURY AND FAMILY

It pays—and costs—to keep up

That perennially excellent performer on the U.K. retail scene, J Sainsbury Plc., is investing heavily in the future of affluence. Its quality-conscious customers are more mobile, so Sainsbury's is building modern food superstores on the edge of town, away from the traditional High Street grocery outlets in town.

Topham/Image Works

David Sainsbury

The expansion doesn't come without cost. Good retail locations in Britain are prized and costly. Interest charges are mounting, along with labor costs: This spring Sainsbury's had to give an extra 11% in pay to decrease staff turnover. Last year sales topped $12 billion, but the company's growth rate has slowed by about 2%.

Sainsbury's has hedged its U.K. bets with a modest U.S. diversification: Shaw's Supermarkets, based in East Bridgewater, Mass., has 66 food stores throughout New England. Its 1989 sales were $1.7 billion.

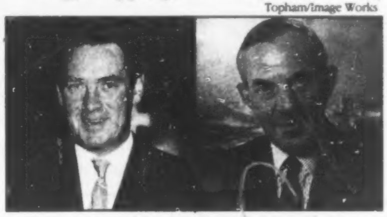
David Sainsbury, 49, deputy chairman, is likely to succeed the current chairman, his cousin Lord Sainsbury, 62, great-grandson of the founder. Whatever happens, the family will retain the luxury of thinking long term: It has around half the stock; David alone has 25%. Which helps explain Sainsbury's financial respect—witness a recent market cap of $7.6 billion—along with all that consumer respect.—**William Heuslein**

SAMUEL, LORD VESTEY AND EDMUND VESTEY

Butchers on the block?

The Vestey family built its $2 billion fortune over the last century by importing meat to nourish Britain's growing masses. They're still a classic case of global, vertical integration: tightly controlled from the top, raising, shipping, insuring and storing meat for wholesale and retail.

Topham/Image Works



Samuel, Lord Vestey, and Edmund Vestey

At the top: Lord Vestey (Samuel), 49—and cousin Edmund, 58. They make major decisions jointly, governing at least 200 very private companies on six continents with visible annual turnover of over $2 billion.

There is J.H. Dewhurst Ltd., Britain's largest retail butcher, with 1,200 outlets. It's been catering to affluent clients with "personal service" and "custom cuts," but there is competition for such retailers from cost-efficient supermarkets. Managing director Colin Cullimore mourns that 1989 was quite the worst for Britain's meat retail trade in his 25 years of running the business for the Vesteys.

Dewhurst has been sinking huge sums into buying competition as the retail butcher industry consolidates. That strategy could pay off long term, even if Dewhurst doesn't: Insiders figure the Vesteys could close Dewhurst, still sell meats at wholesale—and make a killing selling all those butcher shops to Britain's location-conscious retailers.—**William Heuslein**

SIR JOHN MOORES

Beyond mail order

In an economy hit by high interest rates, British retailing has become cutthroat. Sales are sluggish, profits weak. Yet the British consumer, more affluent after the Thatcher decade, is getting a bit more fussy. Downscale is defnitely out, and that's a problem for Sir John Moores' Liverpool-based Littlewoods Organisation Plc., one of the U.K.'s largest private companies. The mail-order catalog business, viewed as somewhat déclassé, has been in serious decline. So Littlewoods, headed by 55-year-old Desmond Pitcher, is trying its Index catalog showrooms, a retail concept until now dominated in Britain by Argos, recently part of B.A.T. The catalog is in a real store, the goods ready in a warehouse in back.

So far, success. Littlewoods is aggressively opening new stores, taking a loss last year to get up to 79 new units. Sixteen additional openings are planned for 1990, but analysts expect Index to break even this year. Littlewoods' overall pretax profits fell to $108 million last year, from $121 million in 1988. Meanwhile, Sir John, 94, worth over $1 billion, is content to count the profits from his dominant position as a soccer-pool operator, his first business and the basis for his success.—**William Heuslein**

ITALY

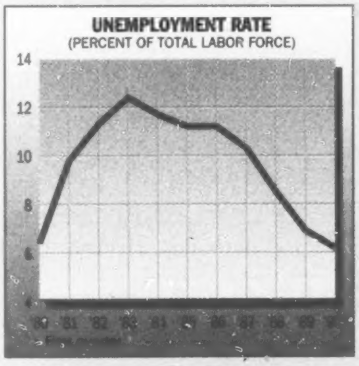
FERRUZZI FAMILY

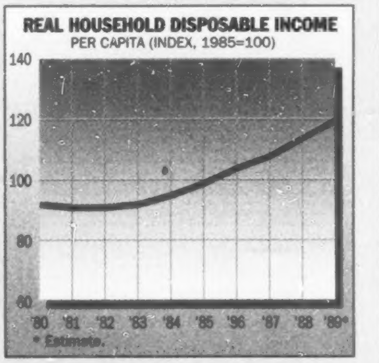
Renaissance man

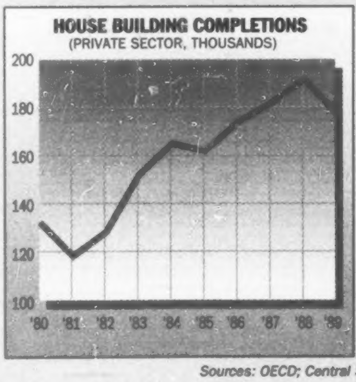
The empire created by the late Serafino Ferruzzi is run by son-in-law Raul Gardini, 57. The Ferruzzi Group (revenues, $40 billion) owns Indiana feed producer and oilseed processor Central Soya. The Chicago Board of Trade imposed an emergency liquidation order on the soybean market last summer to avert the possibility that Ferruzzi and Central Soya might corner soybeans. Ferruzzi officials maintain that they were trading legiti-

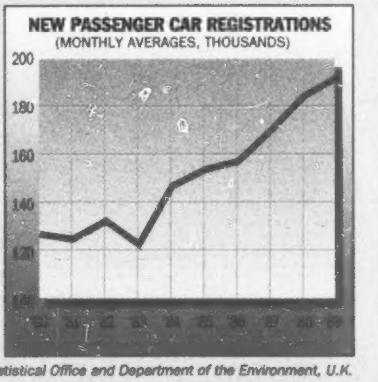
The rising tide that lifted most Brits

Yes, British inflation is running at nearly 10%, interest rates stay stuck at 15%, and everybody's braced for recession. But look back on the Thatcher decade for some perspective. The British standard of living is far better today than in 1980. The improvement is reflected in the U.K. billionaires' fortunes. Octav Botnar with his Nissan automobiles, for instance, benefited, as did the Sainsburys with their premium groceries and larger, edge-of-town supermarkets. The Duke of Westminster's land values went up. But as every smart businessman knows, past performance does not guarantee future success.









Sources: OECD; Central Statistical Office and Department of the Environment, U.K.

mately; "It was the biggest thing since the Hunts came along and cornered silver in 1980," says trader William Biederman of commodities brokerage Allendale Inc.

On the Soviet front, various Ferruzzi divisions are getting set to build polypropylene plants, help cultivate soybeans, corn and sugar beets, and build or modernize agricultural processing plants, investing an estimated $2.5 billion.

At home, Raul Gardini has been embroiled in a bitter dispute over Enimont, a joint venture between government-owned ENI and Ferruzzi-controlled Montedison which was designed to rationalize the Italian chemicals industry. Marvels analyst Paolo-Fillippo Lardera at UBS Phillips & Drew: "I have never seen anyone so aggressive toward the state before Gardini."

Enzo Signorelli/Gamma-Liaison

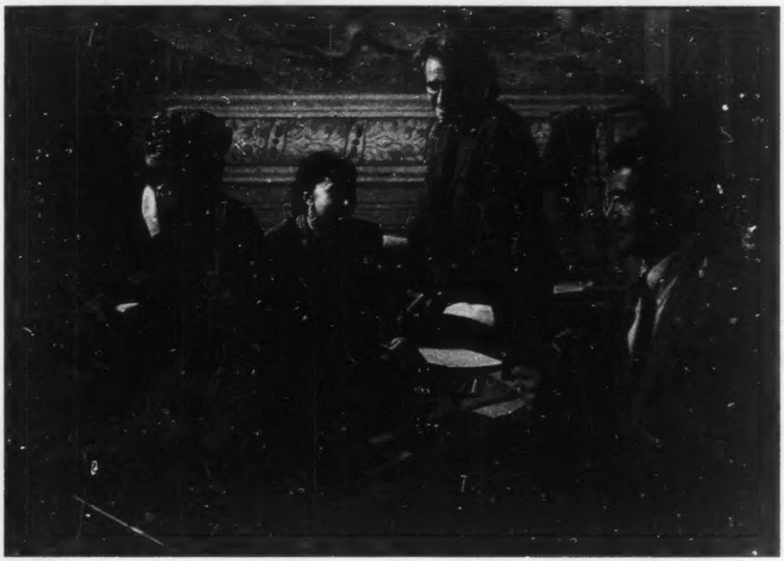
Raul Gardini

Anything else? Oh, yes. Gardini, an avid yachtsman, is spending at least $30 million of Montedison's money to win the next America's Cup. Overseeing a family fortune worth upwards of $1 billion, he's entitled to a little fun. **—Katherine Weisman**

BENETTON FAMILY

Back to basics

After their humbling retreat from financial services this year, the four Benetton siblings—Giuliana, Luciano, Gilberto and Carlo—are back at what they know best: retail apparel, worldwide. Edizione, their private holding company, is focusing on its 1989 acquisition of $230 million (sales) Nordica, and a new line of skiwear and accessories, as well as a sportswear collection.



The Benetton family

Gianni Giansanti/Sygma

Just as it grew rapidly in the U.S. in the 1980s, so publicly held Benetton is hoping to grow in the Far East in the 1990s. It acquired 50% of a licensee selling its goods to Japan, and hopes to almost double its existing 440 Asian outlets—under the Sisley, Formula One and United Colors names. A Tokyo stock exchange listing is still in the works.

The four Benetton siblings, who together are worth at least $1.7 billion, seem to have a knack for getting along and running things, and for producing successors. Giuliana, 55, the design wizard, has a daughter, Paola, following in her footsteps. Mauro, the eldest son of Luciano, 53, works on the Sisley line. There are 12 other sons and daughters around for when their parents decide to slow down, which, by all indications, won't be anytime soon.**—Katherine Weisman**

GIOVANNI AGNELLI AND FAMILY

Motorizing Moscow

Fiat did its first business in Russia in 1912, under Giovanni's grandfather. When Giovanni became chairman, in 1966, he started the famous Togliattigrad plant; today it produces over half of Russia's cars. Now Gianni is betting an estimated $5.8 billion with the Soviets over the coming decade. A joint venture with Moscow, signed last December, will give Fiat 30% of an ultramodern Fiat-designed plant situated in Yelabuga, 650 miles east of Moscow. Starting in late 1993, the plant will make 300,000 cars a year; 200,000 are for the Soviet Union, the rest for Europe. Another agreement was signed in January to produce an additional 300,000 cars. Meanwhile, Fiat's nonautomotive side (which accounted for 15% of Fiat's $41 billion in revenues last year) is now actively shoring up its European positions with acquisitions, divestitures and joint ventures.

Agnelli is also cementing the family hold on Fiat. Last fall 7.5% of the family holding company's stock went into the presumably friendly hands of the Aga Khan *(which see)*, a sailing chum of Giovanni's. Younger brother Umberto, 55, will be the next chairman. The Agnellis' 40% of Fiat forms the core of a fortune worth more than

Siccaro-Contrasto/Picture Group

Giovanni Agnelli

$4.7 billion. Gianni's stake alone is worth over $1.7 billion; he hopes his Russian friends will help him expand that sum.—**Katherine Weisman**

SILVIO BERLUSCONI

What, me consolidate?

For media mogul Berlusconi, 1990 is the Year of Mondadori. Rival (but not billionaire) Carlo de Benedetti bought into one side of a celebrated family squabble at Mondadori, one of Italy's top two publishers. De Benedetti alienated that faction, which then allied with Berlusconi. Says Luca Formenton, a key heir: "He [Berlusconi] is a great motivator of management and people." Berlusconi was named Mondadori chairman last January, but the battle over Mondadori is locked up in lawsuits, and Berlusconi has had to relinquish his position to a court-appointed trustee. But if the courts finally decide in Berlusconi's favor, Mondadori could raise Fininvest revenues ($5 billion last year) by as much as $2 billion.

Another glitch: A bill appeared in Italy's parliament in the spring attacking media monopolies. Silvio's TV network now has a 43% market share. If passed, the bill's amendments would hurt his empire by regulating commercial TV advertising, the main source of Fininvest revenues.

What next for this fellow, whose current worth is about $2 billion? "There are two schools of thought," says Fininvest executive Oliver Novick. "One is that it's time to consolidate what we have. But Berlusconi is a tremendous entrepreneur, and ideas are always bubbling up. . . . I think he'd really like to see soccer take off in the U.S."—**Katherine Weisman**

Scianna/Magnum

Silvio Berlusconi

SALVATORE LIGRESTI

Unloved but unpoor

Rightly or simply out of prejudice, many Italians suspect that the real estate and construction empires of Sicily's Salvatore Ligresti grew from shady beginnings. Ligresti understands he has an image problem. So, last November, he took one of his private holding companies, Premafin, public in Milan with the backing of Mediobanca, the investment banker to Italy's business elite. But despite the Mediobanca imprimatur, Premafin's offering was undersubscribed.

Olympia

Salvatore Ligresti

Aside from real estate development, mainly in Milan, Premafin's holdings include SAI, Italy's third-largest insurer; Grassetto, a public works construction company; and a major toll highway, Autostrada Torino-Milano. Ligresti wants to expand abroad. Grassetto has signed with the Soviets to build an industrial park in Moscow, has a joint venture in Yugoslavia to build harbors on the Adriatic, and has even won a $46 million contract for work on the U.S.' Interstate Highway 75. SAI, meanwhile, has acquired minority interests in three European insurers outside Italy. Ligresti's 77% holding in Premafin, plus buildings, hotels and private medical clinics he owns personally, all add up to a fortune worth $1.4 billion or more.—**Katherine Weisman**

MICHELE FERRERO

Sweet success

Michele Ferrero has built his father's company, Brussels-headquartered Ferrero SpA, into the world's sixth-largest confectioner (sales, near $2 billion) by knowing what people like. "Michele Ferrero has to be the most successful new-product creator in the candy business since the end of World War II," says one industry observer. Among his most successful products are the Tic Tac breath mints in the U.S., introduced in 1971, and Nutella, the chocolate hazelnut spread.

At the moment, Ferrero, 65, is test-marketing "Confetteria Raffaello" in the U.S.—coconut and almond cream candies selling for 25 cents each. Ferrero's son Giovanni is involved in Ferrero's international marketing; another son, Pietro, works on the manufacturing side of the business.

Michele Ferrero likes to roam through his new plant in Arlon, Belgium, near Luxembourg. Word has it factory managers get frustrated with his endless tinkering. But that's how he has built the company's value to at least $2.3 billion.—**Katherine Weisman**

FRANCE

SERGE DASSAULT AND FAMILY

Serge surges

The outbreak of peace is tough on a company built to supply Mystère jets and Mirage fighters to the world. When Serge Dassault, now 65, took over Avions Marcel Dassault (now Dassault Aviation) on his father's death in 1986, he had to shutter plants and cut workers, many of whom had spent their working lives at the company. More may have to go.

Serge is living in the shadow of a legendary father, Marcel Dassault, an exceptional aeronautical engineer who worked almost every day of his 94 years, becoming the richest man in France and possibly one of the most influential. Serge's struggle to finance the Rafale combat aircraft, due to enter the French air force in 1996 and the navy in 1998, indicates waning clout. So does Dassault's depressed stock price.

Yet Serge and his family return to the billionaire ranks this year. Serge has proved an able investor. He now owns 61.5% of Dassault Electronique (missile guidance and electronic banking) and 28.5% of Intertechnique (aircraft electronics and computers). There's 20% of Europe 1 Communication, one of France's most popular radio stations; 15% of Institut Mérieux (AIDS research); and Château Dassault, in Bordeaux' St. Emilion region. Together Serge, his mother and older brother share a visible fortune worth $1 billion.—**Manjeet Kripalani**

Jacques Langevin/Sygma

Serge Dassault

SEYDOUX/SCHLUMBERGER FAMILY

Savvy strategist

Jérôme Seydoux stunned the Parisian business community when early this year his Chargeurs sold its 54% stake in UTA, his profitable private airline, to Air France for over $1 billion cash. The move was unexpected, but totally in keeping with Seydoux' often surprising—but shrewd—business moves. With 1992 approaching, France wants to consolidate its airline resources. Observers say Seydoux may have gotten a quid pro quo from the government.

Chargeurs also has 22% of the world market of the wool trading and combing industry and 12% of BSB (British Satellite Broadcasting). "My eye is turned on a horizon five years from now," Seydoux said recently, in a rare comment.

Jérôme Seydoux

Patrick Hamon-Keystone/Picture Group

Normally, the Seydoux, and their cousin Schlumbergers, prefer to avoid the limelight. Brother Nicolas, who owns two-thirds of Gaumont, a successful Paris-based film company, represents the Seydoux on the board of oil services giant Schlumberger Ltd., which is the foundation of the family fortune.

The family owns about 23% of the company, and most of the 20-member third generation is spread across Europe and the U.S. Cousin Dominique de Menil is a benefactor of the arts in Houston. Altogether, they're worth $3.7 billion—and used to taking the long view.—**Manjeet Kripalani**

VUITTON FAMILY

Trojan horse

Vuitton family patriarch Henry Racamier, 78-year-old husband to the original Louis Vuitton's great-granddaughter, sealed his own fate. Two years ago, LVMH (for Louis Vuitton Moët Hennessy), the luxury goods group Racamier built, was under attack. Looking for allies, Racamier invited Bernard Arnault, now 41, to invest in the company. But Arnault was a Trojan horse working for his own account.

After securing support from other companies that among them held 44% of LVMH, Arnault drove Racamier out of LVMH and installed himself as chairman. Racamier still retains his 17.4% holding in the company; his stake is still worth over $1 billion.

It appears unlikely that the formidable Racamier would build up a business to compete with LVMH. But he has Orcofi, the Vuitton family holding company, which recently bought 95% of Lanvin in equal partnership with L'Oréal. Orcofi also controls Gordon Choisy S.A., a leather tannery that has catered largely to Louis Vuitton, and will perhaps be looking around for new customers. Whether Racamier will hold on to or sell his LVMH shares keeps a lot of French investors guessing.—**Manjeet Kripalani**

J. Andanson/Sygma

Henry Racamier

MULLIEZ FAMILY

Hypersuccess

Recently Gérard Mulliez' Groupe Auchan opened hypermarkets in Chicago and Houston, and company spokesmen cheerily say they are doing very well. But Mulliez wants to give the retailing concept time to mature; Auchan plans to wait six years before it builds another hypermarket in the U.S.

Having built his first supermarket in France in 1961, Mulliez currently has 42 hypermarkets in France (5% of that country's total), 15 in Spain under the name Alcampo, and 1 in Italy, started last year. He also owns 178 supermarkets and 140 restaurants, pizza parlors and cafeterias. Auchan revenues are over $8 billion, second to publicly traded competitor Carrefour.

F. Soenemondt/Le Nouvel Economiste

Gérard Mulliez

Mulliez recently obtained permits for a new hypermarket at Metz, in eastern France, a stronghold of the Bouriez family's Cora group. Blood in the offing? Perhaps. So Auchan's real push is more likely to come in Spain and Italy, where there are few strong local competitors.

As Groupe Auchan thrives, so do its employees, who own 17%. Mulliez has the rest, and 45% of Trois Suisses, France's second-largest mail-order company. The family also owns Phildar, a knitting yarn retailer (sales, $473 million) started by Gérard's father. The Mulliez clan is now worth $1.6 billion.—**Manjeet Kripalani**

BOURIEZ FAMILY

Testing time for the "genius"

Smaller than the Mulliez' Auchan hypermarket chain *(see Mulliez, above)*, the Bouriez family's Cora-Revillon-Editions Mondiales Group is girding for action. President Philippe Bouriez, 56, is obviously taking seriously widespread predictions that consolidation will leave only half the ten large hypermarket groups in France alive.

Philippe Bouriez Marc Bertrand/Le Nouvel Economiste

Early this year Bouriez reportedly put parts of his Revillon luxury-goods group, acquired in 1981, on the block. Already, Japanese have bid on Karl Lagerfeld couture and Caron perfumes. Groupe Bouriez will be left with cash, and its core business of 54 hypermarkets and 150 supermarkets (revenues, $5.5 billion), and Editions Mondiales, publisher of popular beauty, fashion and TV magazines.

Cora's apparent strategy is to use the cash to expand in France through acquisition. It has already bought some small chains in eastern France, and is reputed to be interested in taking over Euromarche, a $4.3 billion revenues moneyloser. Acquiring existing stores avoids the *Loi Royer*, a restrictive French law meant to protect petit bourgeois shopkeepers.

This, then, will be testing time for Philippe, who has long run the company owned by him and his three siblings. "He's a kind of genius," designer Karl Lagerfeld once exclaimed. That was when things were going well. Now it will be tougher. Cora looks to be worth some $1.2 billion, today. Stay tuned.—**Manjeet Kripalani**

PEUGEOT FAMILY

Battle plan

While others prepare for 1992 by merging or acquiring, France's largest private-sector company is getting ready to fend off the Japanese.

To do that, Peugeot S.A. is willing to endure some pain. Europe's number three carmaker (after Volkswagen and Fiat) has already taken a disruptive seven-week strike last fall. Its relatively low-paid workers saw growing profits and demanded a share. Management eventually yielded a grudging raise of one-third what the workers sought.

Grudging, because there's a lot at stake. Even as some European carmakers lobby the EC against Japanese post-1992 imports, the Japanese furiously build factories within the barriers. Peugeot's answer: Push volume, quality, exports, its expensive new model 605; build in neighboring countries; and most of all, hold down costs.

The family, which mostly lives in Paris, gratefully supports their Chairman Jacques Calvet, 58, former head of Banque Nationale de Paris. A string of heavy losses duly became profits, $1.8 billion last year with the strike, and an estimated $2.2 billion this year. Noninterfering Pierre Peugeot, 58, serves as general manager under Calvet, and other Peugeots work in the company; three are on the supervisory board. All the better to mind the family's $1.6 billion investment.—**Manjeet Kripalani**

Marc Bertrand/Le Nouvel Economiste

Pierre Peugeot

LILIANE BETTENCOURT

Rooting for Owen-Jones

Founded by Liliane Bettencourt's father, L'Oréal is run today by nonfamily-member Lindsay Owen-Jones, a dapper, 44-year-old, Oxford-educated Welshman, who is chairman. Owen-Jones is expanding L'Oréal's overseas businesses, in earnest: 63% of L'Oréal's $4.8 billion revenues now comes from outside France. And there is still ample room to grow. L'Oréal has only 7% of the U.S. market, which at $16 billion in estimated revenues is the world's largest cosmetics market.

Owen-Jones runs things with pretty

Liliane Bettencourt R. Reglain/Gamma-Liaison

much a free hand. Liliane Bettencourt, 67 and the richest woman in France, plays no role in the company. Her husband, André, a former Gaullist industries minister, is a member of the company's strategic committee. Their son-in-law Jean-Pierre Meyers is a director.

Investors have bid up L'Oréal's market value by 45% since last year, making the Bettencourt holding worth $1.6 billion. In 1974 Bettencourt sold 27% of her L'Oréal holding to Switzerland's Nestlé, for stock; she currently owns 3% of Nestlé. Add up the pieces and Liliane is worth $2.2 billion. Nestlé has the option to purchase Liliane's remaining 28.3% of L'Oréal in 1994—at significantly higher prices, if Owen-Jones keeps doing a good job.—**Manjeet Kripalani**

SPAIN

MARCH FAMILY

How to invest in Spain

The Marches believe Spain will outperform the rest of Europe. Spanish corporate earnings are expected to grow 13% this year, only slightly lower than last year. "Why the hell would they bother going abroad?" asks Lawson Steele of UBS Phillips & Drew, who recommends Corporación Financiera Alba as an inexpensive way to acquire a diversified Spanish portfolio. (It was recently trading at a 20% discount to net asset value, compared with the Spain Fund's current 13% premium.)

The March brothers—Juan, 50, and Carlos, 44—have carefully distanced themselves from the image of their father (known from his early days as the Balearic Smuggler) as one of Franco's financial advisers. Between the brothers' 55% of Alba and private interests, the family fortune is worth $1.5 billion.

C.F. Alba, the public part of the March family's empire, is 85% invested in Spain; about half that is invested in stocks like Uralita, Spain's largest construction materials company, and Cerveza San Miguel, the brewery.

A.G.E./Woodfin Camp

Carlos March

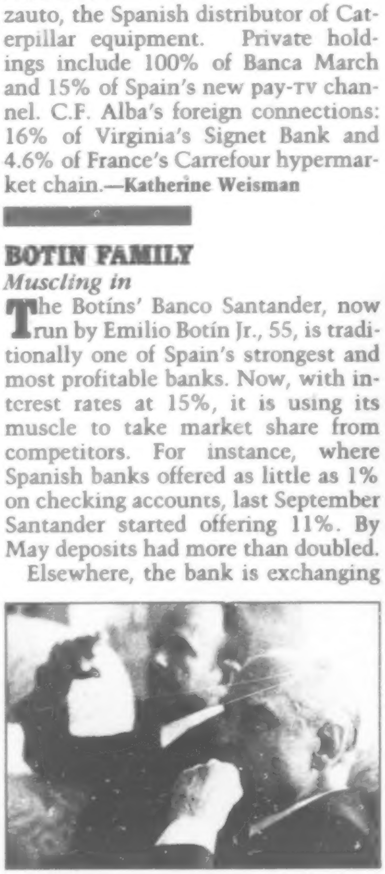
Alba also has a 13% stake in Finanzauto, the Spanish distributor of Caterpillar equipment. Private holdings include 100% of Banca March and 15% of Spain's new pay-TV channel. C.F. Alba's foreign connections: 16% of Virginia's Signet Bank and 4.6% of France's Carrefour hypermarket chain.—**Katherine Weisman**

BOTIN FAMILY

Muscling in

The Botíns' Banco Santander, now run by Emilio Botín Jr., 55, is traditionally one of Spain's strongest and most profitable banks. Now, with interest rates at 15%, it is using its muscle to take market share from competitors. For instance, where Spanish banks offered as little as 1% on checking accounts, last September Santander started offering 11%. By May deposits had more than doubled.

Elsewhere, the bank is exchanging minority shareholdings with allies abroad. There was Royal Bank of Scotland in 1988, with which it is out buying pieces of smaller European banks. Santander also acquired 3% of Chicago's Kemper Corp. Combining Kemper's insurance base and Santander's strong Latin American presence, the duo have acquired a Chilean insurance company. Meanwhile, Japan's Nomura Securities bought 1.5% of Santander's stock and helped list it on the Tokyo exchange.



Emilio Botín Jr. and Sr.

This year Emilio Botín Sr. retired from the board, leaving his son on watch: "To the extent that Santander has caught other banks unaware, it is reaching an objective," says Jaime de Piniés, Chase Manhattan's chief economist in Madrid, about the attitude to be expected now that Emilio Jr. is squiring the family's fortune of $1.4 billion.—**Katherine Weisman**

SWEDEN

FREDRIK LUNDBERG AND FAMILY

Smart timing

When we asked billionaire developer and investor Fredrik Lundberg what the hottest market in Europe was these days, his answer was West Germany. So why does he have only one small office building there?

Ulf Sirborn/Pressens Bild AB

Fredrik Lundberg

Partly, it's timing. Until two years ago the Swedish government didn't permit overseas property ownership for Swedish real estate companies. "We could do developments and construction, but then we had to sell the projects." Then Sweden eased up, and Lundberg started looking. But he hasn't done much, because he thinks the German market is too overheated, particularly in Frankfurt and Munich.

Lundberg, with $130 million in properties outside Sweden through a Dutch holding company, has another reason for not moving precipitously. Lundbergföretagen, the firm begun in 1944 by his father, continues to invest in underpriced basic Swedish industries. Since 1988 it has spent $350 million for a 25% stake in MoDo, the Swedish paper and pulp company.

Lundberg's pick for real estate investing these days is London, where "yields have come up and good projects have come to market." It's in line with his philosophy of going against the market. Being a little contracyclical hasn't hurt: He is worth over $1 billion.—**William Heuslein**

HANS AND GAD RAUSING

Profitable packaging

Hans Rausing, 64, chairman of Tetra Pak, the giant family-owned cartonmaker, doesn't discuss margins. Instead, he likes to talk about the social benefits of his firm's unique method of packaging liquids (such as milk) so aseptically they can sit on shelves for months without refrigeration. "This is not only a question of making money. The creation of something which is needed by millions of people is necessary. I don't like zero-sum games."

Gad Rausing

This non-zero-sum game makes a very pretty penny for Hans and his brother, Gad, 68, vice chairman. Last year Tetra Pak's revenues from 109 countries were $3.7 billion. And profits? Well, if Rausing won't discuss margins, others will. Aaron Brody, management consultant with Schotland Business Research of Princeton, N.J., considers Tetra Pak the most profitable folding carton maker in the world: "What goes into their plants costs 6 cents to 7 cents, total, and what goes out sells for 10 cents," for an operating margin approaching 40%. Other carton companies, Brody explains, are lucky to make 20%. Moreover, the company's sales grew by a healthy 18% last year.

All this makes the Rausings one of the richest families in the world. Worth $9.6 billion.—**William Heuslein**

INGVAR KAMPRAD

A world to tap

Ikea founder Ingvar Kamprad, 64, amassed his $2 billion-plus offering inexpensive but solid Scandinavian furniture to younger and working-class families. Those demographic slices are shrinking, and the growing affluent want more upscale stuff.

But Ikea has only 87 outlets spread across 21 countries, and is by no means a mature business. There are only a dozen of its showroom-warehouse stores selling knockdown furniture in the U.S. and Canada. Look for the company to open two to three new stores a year here for the next 10 to 15 years. Ikea started selling in Budapest in March—to an enthusiastic response. And there are plans for stores in Warsaw and Leningrad as well. Last year's sales topped $2.7 billion, up 14% from 1988—a far cry from 1953, when Kamprad, a Swedish farm boy, opened a single store in little Almhult, Sweden.

Stefan Wallgren/Pressens Bild AB

Hans Rausing

Hans T. Dahlskog/Pressens Bild AB

Ingvar Kamprad

Kamprad, a tax exile based in Lausanne, Switzerland, controls Ikea through Copenhagen headquarters and a Dutch foundation. He also owns Ikano, a family holding company in Sweden for Ikea's credit card business, real estate and other investments.—**William Heuslein**

HOLLAND

DREESMANN FAMILY

Bleak outlook

Anton Dreesmann, the professor of economics who built his family's department store chain into diversified giant Vendex International, is facing his biggest challenge ever. Profits have dropped steadily to $50 million last year, from $90 million in 1988 and $120 million in 1987. Worse yet, last year's net was little more than results consolidated from its 33.5% holding in the U.S.' booming Dillard's department store chain.

In Holland, the key Vroom & Dreesmann retailer is losing money and market share by not keeping up with consumer trends—a mortal sin. Vendex is looking to sell its education, oil and gas, travel, and Brazilian operations. Other "noncore" operations are in for similar "strategic reorientation," supposedly by next year.

The group's health is as fragile as that of Anton Dreesmann, 67, who struggled back from a stroke to throw out a handpicked successor whose restructuring started with large-scale firings. "Uncle Anton" couldn't bear to sack old employees; he's been finding them "alternative placement."

ANP

Anton Dreesmann

Can Vendex turn around staffed with the people who helped get it into trouble in the first place? The future is uncertain.—**Manjeet Kripalani**

FENTENER VAN VLISSINGEN FAMILY

Family comes first

Will they go public? The speculation goes on. Never, says Paul, at 49 youngest of the three Van Vlissingen brothers and head of their major business, SHV N.V. Not as long as family is around.

Now the largest private business in Holland, SHV traces back to the 18th century, had a coal monopoly in the 19th, and today is the EC's largest independent distributor of liquefied petroleum gas. But it earns 65% of revenues from its 62-store Makro chain of self-service wholesalers in Europe, Asia and South America.

ANP

Paul Fentener van Vlissingen

Brother John, 51, chairs the family's Noro Group, a money manager to the Van Vlissingens and other superrich Europeans, tending its interests in real estate, financial and travel services. It has doubled its asset base to $7 billion in two years. Noro has a $1 billion property portfolio in the U.S.

Frits, 56, the eldest, manages Amsterdam-based Flint Holding, believed to be the family holding company, and several minor interests. The three brothers and their seven children control 50%; immediate relatives, 15%; more distant relations, the rest. Shares trade only among family members; every month a banker assesses the group's theoretical market value for them. No one will say, but FORBES thinks that the value was above $1.6 billion.—**Manjeet Kripalani**

BRENNINKMEYER FAMILY

Family ties

It's a family, some 200 strong, once called "the richest shopkeepers in the world." Devoutly Catholic, the Dutch-German clan is based in Amsterdam and the family estate in West Germany, where they remain true to the family motto, "Unity makes strength." FORBES estimates their fortune at $5 billion.

The base of the Brenninkmeyer family wealth is the C&A department store chain in Holland, West Germany, the U.K. and Brazil, begun 150 years ago by cloth peddlers Clemens and August Brenninkmeyer. Today the family is headed by Roelandus Brenninkmeyer, a 1971 Harvard Business School graduate.

The 150 C&A stores in West Germany have over $2 billion in sales and cater to a low-end market; recent East German immigrants head straight for them. In the U.S., after stumbling badly at first, they have rebounded to 1,100 stores nationwide and estimated $2 billion revenues in eight regional chains with names like Uptons, Steinbachs, the Lodge and Miller's Outpost.

While the family's women reportedly enjoy equal entitlement to wealth, the men run the business. The sons are expected to join the family company or join a real religious order.—**Manjeet Kripalani**

SWITZERLAND

KLAUS JACOBS

Philip Morris makes a billionaire

The price announced two weeks ago for the Swiss coffee and chocolate company Jacobs Suchard by Philip Morris makes Jacobs, 53, a billionaire. As part of the deal, Jacobs' Colima holding company, which holds a majority of Jacobs Suchard, goes to the American consumer products giant for about $1.4 billion—and Jacobs still keeps the American confectioner E.J. Brach (now losing money), his own Panamanian bank and chocolate trading companies.

RDZ

Klaus Jacobs

In the early 1970s the German-born Jacobs took over the family's Bremen-based Joh. Jacobs & Co., founded just before the turn of the century and already a leading European coffee roaster. Jacobs moved to Zurich in 1973, planning to merge with a Dutch company and run the business from Switzerland. The merger fell through, but his second wife was Swiss, so he stayed in Zurich and eventually became a Swiss citizen.

By 1981 his coffee roaster was up to $2 billion in sales, but Jacobs wasn't satisfied. Chocolate was a high-margined commodity he understood. In 1982 he acquired the Swiss owner of Milka and Tobler brands. In 1986 he added U.S. confectioner E.J. Brach for $730 million. In 1987 he outbid Nestlé for Belgium's Côte d'Or chocolate company. In 1988 he lost a takeover battle for Britain's Rowntree to Nestlé, but the wily Jacobs came out $300 million ahead.

For some Swiss, selling out the famous Swiss chocolate brands Tobler and Milka to the American Philip Morris seems like selling the Matterhorn. But Jacobs has had only a slim voting majority; further mergers would put him below 50%. So when he got a friendly offer from somebody else who appreciates the value of a name brand, he grabbed it. Over 18 times earnings looked pretty sweet to him.—**Philip Glouchevitch**

WALTER HAEFNER

Buying on weakness

As the biggest shareholder of U.S. software company Computer Associates, Haefner didn't flinch when the stock took a dive from $22 a share to under $11 last year. Apparently, the fall was due to the acquisition for stock of troubled Cullinet Software. Haefner, who wanted to maintain his stake at around 21%, picked up shares last fall for an average price of $17. The stock recently traded at $15.

Urs Siegenthaler

Walter Haefner

Haefner got into computers when his Swiss car distributor, AMAG, started a computer-services subsidiary in the early 1960s. He sold it for stock to a Dallas company, which went bankrupt in 1983. Haefner bought majority control and revived the company—and then sold it to Computer Associates in 1987, giving Haefner his 21% stake, lately worth $580 million.

Haefner, now 80, built his fortune from the ground up. He saved 26,000 Swiss francs and built charcoal generators for cars during the privations of World War II. After the war, Haefner sold jeeps and then Volkswagens. AMAG now has exclusive import rights for VW, Audi and Porsche, and much valuable real estate under the dealerships.—**Philip Glouchevitch**

MAUS-NORDMANN FAMILY

The Mauses who roared

The Maus and Nordmann cousins, whose Geneva-based Maus Frères S.A. is Switzerland's leading department store chain, took advantage last year of the troubled U.S. retailing market to pay $453 million for ailing Chicago-based department store chain Carson Pirie Scott. New to our list, the Maus and Nordmann cousins are: Jacques, 61, Bertrand, 58, and Olivier, 46 (Maus); plus Gérard, 60, and Philippe, 58 (Nordmann).

Maus Frères has been active in the U.S. since 1938 through Milwaukee-based subsidiary P.A. Bergner & Co. Carson Pirie Scott has $1 billion in sales and over 30 stores—including 4 in the Chicago area—but has lost money the past three years. Bergner, by comparison, did $470 million in sales with 31 stores.

Ernest Maus founded his first store in 1892 in Biel, Switzerland. Ten years later Leon Nordmann founded his first department store in Lucerne. The chains grew separately until Ernest Maus' daughter Simone married Nordmann's son Robert in 1929, when the stores covered Switzerland.

Today, it is the children of the Maus-Nordmann marriage, Gérard and Philippe, who run things with their three Maus cousins. They expanded the family's holdings into France in 1972 when they bought voting control of Paris-based Au Printemps S.A., which today does $3.8 billion in sales. Altogether, the family's holdings are thought to be worth over $1 billion. Two years ago Philippe Nordmann raised a lot of money for AIDS research, and for his efforts was voted Genevan of the Year by his townsmen.—**Philip Glouchevitch**

SCHMIDHEINY FAMILY

Leica redux

If you start hearing the famous old Leica name again, thank Stephan Schmidheiny, 43. Stephan's Anova Holding has swapped two construction materials companies with brother Thomas, 45, for undisclosed cash and the struggling optics and camera maker, formally named Wild Leitz.

Stephan has merged Wild Leitz with the smaller, British-based Cambridge Instruments, intending a turnaround as Leica Plc. (combined sales, $1 billion). The cameras are only 10% of the new company's revenues; its strength is in other precision instruments, such as microscopes.

But the new company clearly has ambition as well as a bankable brand name. It'll be a challenge for Stephan, who until now has distinguished himself primarily as a shrewd if low-profile investor, buying—and sometimes selling—sound, well-run companies.

Thomas Schmidheiny Daniel Boschung

Brother Thomas attracts less attention, though he controls the world's largest cement company, Holderbank (1989 sales, around $3.5 billion).

The two brothers took over their father Max's industrial empire in 1984. A third brother, Alexander, 40, owns the California winery Cuvaison and a ski-wax maker. A second cousin, Jakob, 46, has his own diversified company. Their combined worth: over $2 billion.—**Philip Glouchevitch**

HANS HEINRICH THYSSEN-BORNEMISZA

Si, señora

The latest rumor, in several newspapers, had Baron Heinrich Thyssen-Bornemisza selling his Villa Favorita residence-cum-art-museum in Lugano for $30 million. "Untrue," said a spokesperson. But the baron has been spending a lot of time in Spain lately. So has much of his prized $1-billion-plus art collection of old and new masters. And he did sell his splendid Daylesford residence in Brit-

Abe Frajndlish/Sygma

Baron Thyssen-Bornemisza

ain last year, supposedly the baron's favorite. But his latest wife, Carmen, 46 and a former Miss Spain, doesn't like Britain. The couple hangs out in Madrid and on the Costa Brava.

The baron, 69, is the grandson of the August Thyssen who built the famous German steel company and a shipping empire. The baron's father denounced Hitler in 1939 and moved to Switzerland with the shipping companies and his vast art collection. The shipping has been replaced by farm machinery, pumps and other goods. Business is down lately, but the Thyssen-Bornemisza Group, managed by 39-year-old son George, has the Thybo financial investment arm, which reportedly brings in half its roughly $50 million earnings (total estimated sales, $3 billion). The businesses may be worth over $500 million.—**Philip Glouchevitch**

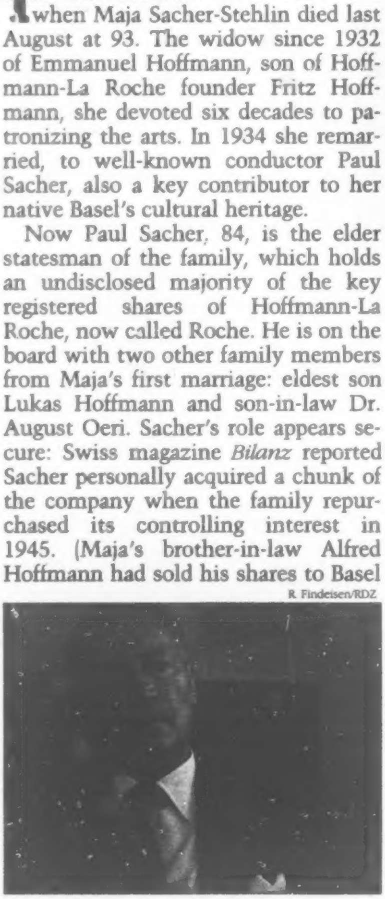
HOFFMANN FAMILY

Conducting business

The Swiss marked the end of an era when Maja Sacher-Stehlin died last August at 93. The widow since 1932 of Emmanuel Hoffmann, son of Hoffmann-La Roche founder Fritz Hoffmann, she devoted six decades to patronizing the arts. In 1934 she remarried, to well-known conductor Paul Sacher, also a key contributor to her native Basel's cultural heritage.

Now Paul Sacher, 84, is the elder statesman of the family, which holds an undisclosed majority of the key registered shares of Hoffmann-La Roche, now called Roche. He is on the board with two other family members from Maja's first marriage: eldest son Lukas Hoffmann and son-in-law Dr. August Oeri. Sacher's role appears secure: Swiss magazine *Bilanz* reported Sacher personally acquired a chunk of the company when the family repurchased its controlling interest in 1945. (Maja's brother-in-law Alfred Hoffmann had sold his shares to Basel Handelsbank, dropping the family's holding to below 50%.)

R. Findeisen/RDZ



Paul Sacher

The family's special voting shares, worth billions, anchor Roche: It can make strategic acquisitions like the recent purchase of 60% of America's Genentech for $2.1 billion without having to look to the stock market for approval.—**Philip Glouchevitch**

LIECHTENSTEIN

MARTIN HILTI AND FAMILY

Fastenating

In the principality of Liechtenstein, Martin Hilti, 75, has made a big fortune. His Hilti A.G., based in Schaan, near the capital of Vaduz, chalked up $1.4 billion in worldwide revenues last year, producing fasteners for heavy construction to do-it-yourself home renovators. This year the value of the Hilti family's shares rose to over $1 billion.

Martin Hilti

Hilti, the ninth of 11 children, studied engineering and mathematics, and in 1939 began working in his brother Eugen's auto shop. In 1941 they founded Maschinenbau Hilti to make auto and truck components.

Hilti took advantage of postwar reconstruction in neighboring countries. He developed guns—the peaceful kind—that shoot bolts, nails and screws into steel or concrete, eliminating tedious drilling. By the mid-1960s Hilti had exhausted the labor pool in Liechtenstein (today he employs about one-fourth of Liechtenstein's industrial workers). Production sites in neighboring countries and the U.S. followed.

The 1970s were rough. The oil crisis slowed construction, and Hilti had a heart attack. Son Michael, now 43, became the heir apparent, reportedly causing strife among other executives. Nevertheless, after he joined the board things improved. Hilti's second son, Markus, 38, helps run the Western Hemisphere operations—one-third of sales—from Tulsa.

Can Hilti capitalize on the expected reconstruction boom in Eastern Europe? "Already for many years," Hilti told Forbes, "we have a well-established partnership with local distributors in most Eastern European countries." Look for even bigger things ahead for Hilti.—**Philip Glouchevitch**

AUSTRIA

SWAROVSKI FAMILY

Rhinestone legacy

The Swarovski family built a fortune on rhinestones, the poor man's jewel. But today the family company is pushing higher-margin items to boost business. Last year the family created a new company, Daniel Swarovski S.A.R.L., based in Paris, to sell fashion accessories and designer crystal to department stores.

The handbags, gloves, belts and so forth are selling better than expected. But the designer crystal—mostly objects like vases and candlesticks selling for $1,000 to $20,000—has been slower to catch on.

The main Swarovski enterprise is in the quaint Tyrolean village of Wattens, Austria, where founder Daniel Swarovski settled in 1895. Today the company is run by the fourth generation, and their name can be found on jewelry and crystal in every corner of the globe. With distribution outlets throughout Asia, Europe and the U.S., the company had sales last year of over $850 million. In 1987 it bought 50% of the largest U.S. jewelry retailer, Zales (1989 sales, $1.4 billion). Last year Zales in turn bought the second largest, Houston-based Gordon's Jewelers. —**Philip Glouchevitch**

Kevin Galvin

Daniel and Manfred Swarovski

GERMANY

SIEGFRIED OTTO

He makes money

Siegfried Otto really knows how to make money. No relation to Werner Otto and his family *(which see)*, Siegfried, 75, owns the world's leading printer of bank notes, Giesecke & Devrient GmbH. Its principal papermaking facility, a heavily guarded plant in Bavaria, is considered the best of its kind in the world, implanting special watermarks and secret threads.

Stephanie Pflug/Munich press

Siegfried Otto

Business is booming. An initial 40 billion new deutsche marks must be run off to service the East German currency reform. How profitable is Giesecke & Devrient? The comparable but state-owned and presumably less efficient German money printer in Berlin shows margins of 12.7%. G&D should do at least as well as that, on revenues believed to be about $750 million.

G&D was founded in 1852 in Leipzig, and began making bank notes in 1854 for the Weimar bank. The company was destroyed in World War II, but in 1948 Otto revived it and moved operations to West Germany. Last year Otto bought out most of the remaining family members who still held minor shares.

DASSLER FAMILY

Sad ending?

In the late Horst Dassler's luxurious guest house in the Alsatian town of Landersheim, athletes, sport dignitaries and journalists used to cut deals. Dassler was criticized for buying sports champions with his money until his death three years ago, even as the head of Adidas turned amateur sports and running shoes into the biggest sporting goods company in the world—1989 sales were $1.9 billion, plus licensing and royalty revenues of some $800 million.

Horst Dassler constantly cultivated sports contacts—and it paid off. At a typical Olympics the three-stripe label graces, on average, 75% of the athletes. But back in his little German hometown of Herzogenaurach were people he couldn't cultivate—the other branch of the Dassler family and their Puma label. Horst's father, Adolf, and his uncle, Rudolf, split after an argument in 1948, and Rudolf founded Puma on the other side of the town's Aurach brook. Horst, Adolf's only son, built Adidas into a world player but did not take control until the death of his parents in 1985—only to die two years later at the age of 51. Since then Adidas has been hurting. The company lost money in 1989. Now the heirs want to take it public.

CHANTAL GRUNDIG

Love, death and Stiftungs

The so-called Lion of Furth, Max Grundig, died last December at 81, and his fortune passed to his 41-year-old widow, Chantal, with nary a pfennig in taxes. He had set up the Grundig Stiftung, or foundation, strictly to shelter his stakes in Dutch electronics giant N.V. Philips (6%) and Grundig A.G. (68%) and his four luxury hotels from inheritance tax. Chantal is the foundation's chief executive.

The widow received her first Grundig—a radio—at age 16. By then Max was a living legend in Germany. He made radios in the 1930s, and, after the war, do-it-yourself radio kits that got around an Allied Occupation ban. From that grew his full-scale electronics concern. He obstinately tried to create a European standard for VCRs but was swamped by Asian competition. Philips bailed him out in 1984 but exacted voting control.

Chantal Grundig

Andrea Schick/Bunte

Max met Chantal when he was looking for an assistant for his first wife, to whom he had been married 40 years. Chantal, from French-German Alsace, was to teach Mrs. Grundig French and accompany her on trips. Wife number one lost both a husband and a fortune (aside from a divorce settlement) when Chantal became pregnant. Max and Chantal's daughter, Maria Alexandra, now 10, was born when Grundig was 71. He also adopted Chantal's grown daughter Valérie from a previous marriage. Today Valérie and husband Stefan Lauda run the Grundig luxury hotel in Fuschl, Germany.—**Philip Glouchevitch**

HANS GERLING

Remember Herstatt Bank?

Who could forget? It took Hans Gerling 12 years to reverse the 1974 disaster that nearly destroyed him and reverberated around the world. But in 1986 he did it: He bought back control of his family insurance company, Gerling A.G., Germany's fourth-largest insurer.

Herstatt Bank, 81% owned by Gerling, failed because of currency speculation. To satisfy creditors, Gerling had to sell 51% of the family business to an investor group, which later sold out to Gerling's pal Friedrich Karl Flick *(which see)*.

Almost from the start of the affair, Gerling was out to buy back control. When Flick sold his industrial empire in 1986 he agreed to sell Gerling back control of his company.

The insurance business—organized into four separate companies today—has been Gerling's whole life. Now 75, he's put the past behind him to the tune of building a net worth that may exceed $2 billion.

Wolf Prange

Hans Gerling

Wolf Prange

Ferdinand (Ferry) Porsche

PORSCHE FAMILY

More Porsches than one

If they wanted to, the Porsches could be a lot richer than they already are. They need only give in and sell their Stuttgart-based sports car maker to the Japanese or American car companies waving billion-dollar buyouts at them. But that is unlikely for the Austrian-German clan so long as Ferdinand (Ferry) Porsche is still alive. The 80-year-old patriarch has retired to honorary chairman of the board but still holds tight rein on the family shareholders, who a few years ago openly squabbled over power and money.

Each family member has one-ninth of Porsche A.G.'s shares. Members include Ferry's sister Louise Piech, born Porsche and now 85, and Ferry's three sons: the 55-year-old Ferdinand Alexander (Butzi), successful designer and successor to his father's job as chairman of Porsche A.G.; Hans-Peter, 50, partner in Butzi's design studio; and Wolfgang (Wolfi), 47, exclusive dealer of Yamaha motorbikes in Austria and France.

The car company is only one side of the family's wealth. The other jewel is far less known: Porsche Holding in Salzburg. The far-reaching conglomerate—which Louise Piech, despite her considerable age, runs with a firm hand—has DM 3.5 billion in sales, more even than the DM 2.5 billion of the car company. The largest private holding company in Austria is general importer of Volkswagen, Porsche and Audi; runs a chain of stores; has fingers in leasing, financing and insurance; owns Stuttgart-based data processor Taylorix and, lest we forget, Schmittenhohenbahn A.G., the most profitable cable-car lift in Austria. The family is worth over $1 billion.

REIMANN FAMILY

Calgon's heritage

The familiar Calgon brand of water softeners and bathwater additives has an unfamiliar origin: the Reimann family, owners of Joh. A. Benckiser GmbH, a maker of detergents and other cleaning chemicals. It's lately been busy acquiring European companies in that business and in cosmetics.

In May the firm paid $355 million to SmithKline Beecham for well-known European cosmetics companies such as Lancaster and Margaret Astor. Prior to that, Benckiser had acquired consumer products companies in Spain and Italy. With the acquisitions have come rapid growth: In 1988 the company reported cash flow of some $120 million; just in the first half of last year, it reached an impressive $130 million.

Founded in 1823, Benckiser is Germany's oldest chemicals company. Since the death of patriarch Albert Reimann six years ago his nephew Gerd Reimann-Dubbers has headed the supervisory board. Until a few years ago the company's mainstay product was citric acid but the new generation is clearly consumer-oriented. You may hear more from them in the future: For $106 million, the company recently bought back the U.S. rights to its Calgon brand, again from SmithKline Beecham.

Marianne Wiedenfeld

Albert Reimann

GRETE SCHICKEDANZ

Looking to the East

Schickedanz took over the company founded by her husband shortly after the war, and took advantage of postwar reconstruction in Germany to make her catalog business mushroom. Now she'll try to do it again in Eastern Europe and the Soviet Union, where reconstruction of a different sort is under way. A joint venture with two Soviet partners has Quelle printing a Russian-language catalog. Russians with convertible currencies can order, Quelle will truck to Moscow, and the Soviets will deliver from there. There already are similar deals with Poland, Hungary, Yugoslavia and Bulgaria.

Staedle/DPA

Grete Schickedanz

On the Western front, Quelle has catalogs in Spain and Wisconsin and a television home shopping venture in Germany. Schickedanz rounds out her family holdings with retail stores Sinn and Leffers, some manufacturing, the Coca-Cola concession for northern Bavaria and financial services.

For Grete Schickedanz, 78, owning the family mail-order business means not having to be second-guessed. Last year she abruptly replaced her 46-year-old chief executive officer, who had come from McKinsey & Co. The lively widow, who is said to choose the Quelle catalog models personally, wants to prune the specialized retail stores of non-Quelle names like Technorama (electronics) and put back the emphasis on the successful Quelle logo.—**Philip Glouchevitch**

OTTO FAMILY

Seeking rich markets

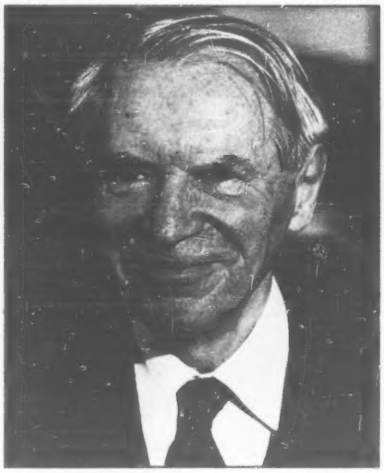
At 80, Werner Otto is a living reminder of Germany's postwar economic miracle. He came to Hamburg from what is today East Germany to start Otto Versand, now the world's largest mail-order house ($7.8 billion sales). Unlike the Schickedanzes, the Ottos aren't overly excited about those new Eastern European markets yet.

They want sophisticated markets, with working telephones and postal systems. Plenty of credit cards. Reliable deliveries. And lots of affluent, busy people with no time to shop who will pay for mail-order convenience.

So Otto Versand, now run by son Michael, 47, is concentrating on Western Europe, the U.S. and Japan.

It is even taking a flier in Great Britain, the last major European market without an Otto presence. It has a joint venture with a British card company to market affordable women's clothes via catalog.

Rehder/DPA



Werner Otto

In the U.S., the Otto family owns 87% of Spiegel, which owns Honeybee and Eddie Bauer. The Japanese subsidiary, Otto Sumisho, founded in 1986, is still losing money.

Between the company and substantial real estate in North America, the Ottos are worth well over $2 billion. Having been poor in postwar Germany, can they be blamed for liking rich markets better than "developing" ones?—**Philip Glouchevitch**

PRINCE JOHANNES VON THURN UND TAXIS

Not nouveau riche

Last January von Thurn und Taxis celebrated the 500th anniversary of the founding of the postal monopoly his clan controlled until 1867, when Prussia took it in exchange for large tracts of land. Much of that land was seized without compensation by communist regimes in East Germany, Poland and Czechoslovakia.

The prince is waiting for the political situations in those countries to clear up before pursuing any claim on the land. He remains West Germany's largest landowner, and has industrial and financial enterprises, mostly run by Helge Petersen, former adviser to the Quandts.

Helmut Newton/Sygma

Prince, Princess von Thurn und Taxis

Petersen is further expanding the prince's financial services operation, which is geared toward wealthy investors like the prince. To the cornerstone Fürst Thurn und Taxis Bank (total assets just under $600 million), he's added Munich business consultants WMK Beteiligungsberatung GmbH, a new real estate leasing company, a Munich brokerage, a Düsseldorf-based real estate company and, in the U.S., 37% of Philadelphia securities house Butcher & Co. On the industrial side, there are the prince's two electrical equipment companies, a brewery and Bavarian lumber mills.—**Philip Glouchevitch**

HENKEL FAMILY

It pays to advertise

Henkel KGaA has already been investing in East Germany for decades—via the airwaves. Its well-known brand-name household detergents and cosmetics are all advertised on West German TV, watched avidly by many of East Germany's 17 million deprived consumers all these years. In a business where brand awareness is key, they are eager potential new customers.

Meanwhile, Henkel has dramatically increased foreign acquisitions and investments in the past three years.

Konrad Henkel

Ossinger/DPA

The most recent is a 12% stake in St. Paul, Minn.-based Ecolab, which produces specialty chemicals. Henkel also has longstanding stakes in the U.S.' Loctite (26%) and Clorox (26%). All of their investments in the U.S., the U.K., France and Spain have come almost entirely from cash flow or new equity raised strictly through nonvoting shares. Little or no debt. The 300-plus-member family, headed by 74-year-old Konrad Henkel, is keeping a lock on the voting shares until at least the year 2000.

The Henkel family fortune began in 1876 with a household bleach. In 1907 Henkel introduced its famous Persil detergent. Later came more cleaning products, adhesives and cosmetics. Now comes the long-awaited return to East Germany.—**Philip Glouchevitch**

HAINDL FAMILY

Out to paper the East

If you read a morning paper in Germany, chances are it is printed on paper from Haindl Papier GmbH: The Bavarian family-run company has become one of the largest suppliers of newsprint in Europe (revenues, $1.3 billion). This is an old-line outfit: founded in 1849, based in Augsburg, and still run by members of the original clan, whose worth is just over $1 billion. They once just supplied raw wood but have long since been vertically integrated. Today they're working environmentalism into their operations: They are the largest recyclers of paper in Europe, processing 400,000 tons of old paper a year. They turned the company-owned airplane into a small regional airline running daily between Augsburg, Hamburg and Düsseldorf.

They are also active outside West Germany: On the West Coast of the U.S. they own sister paper company Port Townsend Corp. There are factories in Holland and Austria and a paper wholesaler in New York. And now, through a joint venture, Haindl newsprint—a necessity to freedom of the press—will soon be available in East Germany.

ALBRECHT FAMILY

Bare-bones approach

"Poor people have to buy cheaply, rich people like to." It's an adage that's worked well for the Albrechts, Karl, 70, and Theo, 68, the discount supermarket magnates. Not just in Germany, but in the U.S. Since 1976 their Aldi chain has grown to over 225 stores. The brothers aren't forthcoming, but some estimates put Aldi's U.S. sales at $500 million per annum.

Aldi stores don't have fresh produce or meat, just five or so aisles of boxes containing some 500 basic products, mostly low-priced canned and dry goods. The stores, all built by the same construction company off a standard blueprint, thrive mostly in smaller cities and towns from Kansas to Ohio.

The brothers first shaped their methods in postwar Germany. They now have stores in Austria, Belgium, Holland and England. As for Eastern Europe, "the Aldi concept is the most logical," according to Barrington, Ill. supermarket consultant Willard Bishop Jr. And Theo has 11% of Idaho-based Albertson's, worth some $500 million.—**Philip Glouchevitch**

ERIVAN HAUB

Opportunity lies abroad

Margins are reportedly getting thin for Tengelmann Group, Germany's biggest supermarket group (1989 revenues, $22 billion). It was rebuffed by the cartel commission last fall in its effort to acquire Gottlieb, another German chain. So owner Erivan Haub, 57, looks abroad for growth.

A bid by 52%-owned A&P for Britain's Gateway Plc. failed. But A&P wound up with 20% of rival bidder Isosceles, a consortium that includes Gateway executives and London's S.G. Warburg bank. Tengelmann itself won the bidding (against the likes of Silvio Berlusconi) for a minority interest in the Italian family-owned Superal SRL supermarket chain in Tuscany. Superal has 28 stores with almost $400 million in sales and is looking to expand.

In the East, Tengelmann bought 21% of Hungary's Skala Coop, which sells everything from clothes to flatirons to food in some 500 stores.

Tengelmann's other foreign holdings are the Lowa chain in Austria and Herman's in Holland. Rounding out the German investments are the Kaisers Kaffee and Obi chains. All told, the Haub supermarket empire, a family business that was founded in 1876, is today worth over $5 billion, worldwide.—**Philip Glouchevitch**

Wolf Prange

Erivan Haub

ROCHLING FAMILY

After steel, what?

In Germany, the Röchling name means German steel. Ever since Carl Röchling inherited an ailing ironworks in Volklingen, in 1881, the onetime coal merchant family has been on the ascent. Carl's son Herman was the Kaiser's arms adviser, and was later commissioned by Hitler to arrange war financing. After World War II the family bought Rheinmetall A.G., which had manufactured steel used in tanks for the Third Reich armies. Herman also fought for the restitution from France of the industrial Saar region, until he died in 1955.

Today the diversified manufacturing group—still heavily in steel—is owned by a 150-member family. The family still has about two-thirds of the voting shares of now-public Rheinmetall; other steel assets were sold and the proceeds invested by nonfamily professional managers in growth businesses. In 1988 they took over Bergmann-Electrizitäts-Werke A.G., a holding company, and are now merging it with their telephone-switching manufacturer DeTeWe. With steel long since a slow-growth industry, the Röchling family is betting on high-tech plastics and electronics for the early 21st century, the way it bet on steel for the early 20th.

QUANDT FAMILY

Would you sell BMW?

After seven straight record years, BMW should certainly fetch a high price. Rumors abound. But Johanna Quandt, 63, shows no signs of selling her family's majority stake—around 60%. She still personally holds at least 20% of the family jewel.

The jewel itself has been acquiring small, car-related companies. The plan is to stick to its top-of-the-line cars, which in future will contain ever more sophisticated electronics. So BMW has invested in a dozen small companies through U.S. and German venture capital firms and has acquired Munich's Kontron Elektronik GmbH ($175 million sales) from Switzerland's Roche to automate production.

Wolf Prange

Herbert Quandt

Johanna is the third wife and now widow of Herbert Quandt, who bought into and bailed out near-bankrupt BMW in 1960. Herbert's half brother, Harald Quandt, died in a 1967 plane crash. The family includes Harald's widow, Inge, and five daughters. Herbert had a daughter from a first marriage, three children from a second marriage, and, with Johanna, Suzanne, 27, and Stephan, 24. The combined Quandt fortunes total at least $5 billion.—**Philip Glouchevitch**

OTTO BEISHEIM

Keeping one step ahead

If you can get enough of a head start, it may not matter if your competitors eventually catch you. Consider Otto Beisheim, who built up his "wholesale" empire of Metro stores from 1964 and sold heavily to retail customers. As a "wholesaler," Metro ignored Germany's silly store-closing law for retailers. Beisheim made a vast fortune by, among other things, staying open until 9:00 p.m. while retail competitors closed at 6:30. He simply handed out the required special wholesaler's entrance pass to anyone who asked. Finally, last November, the German Retail Trade Association got the courts to order Metro to close at the same time or else keep a closer eye on the door.

Is Otto on the ropes? Of course not. He prepared long ago for this inevitable day by diversifying widely throughout Europe and the U.S. In Germany, Metro controls 50% of Kaufhof (the number two conventional retailer behind Karstadt), Huma/Suma and Primus Meister supermarkets, and, in Switzerland, 60% of the Pelikan office supply company. There are travel services, insurance and even a new money market fund. In the U.S. he has the Jetro cash-and-carry stores.

Beisheim, 66, keeps homes in Lugano, Switzerland, Bal Harbor, Fla. and Rottach-Eggern in Germany, and oversees Metro through holding companies in Switzerland, Liechtenstein and the U.S.—**Philip Glouchevitch**

WILLI LEIBBRAND

Not gone yet

Competitors have been hoping the man sometimes called Germany's king of retailing would retire. Far from it. In 1989 Willi Leibbrand sold his remaining 50% in his 3,000 discount outlets Rewe-Leibbrand OHG. But he used the money to buy 25% of Rewe-Zentrale A.G., and is staying on the board with this key holding.

His climb to Germany's second-largest supermarket chain—past Aldi, Karstadt and Tengelmann, if still behind Metro—began in the early 1960s. He inherited a wholesale company that delivered to mom-and-pop stores. He then opened "reasonably priced neighborhood stores for everyday use." The stores became a chain, with the rallying cry, "A new store every other day." He swallowed other discounters, then added chains of stores selling electronics, jewelry and carpets. In recent years the Leibbrand businesses reached the $15 billion sales mark, but margins have been shrinking—with everyone else's.

Even though he's sold out his majority share in the company, the competitors have little hope of being rid of him soon: By contract he must retire from the Rewe board by age 70. But that's not until the year 2003.

WILHELM AND AUGUST VON FINCK

Tax planning

Under recent West German tax reform, the top income tax rate dropped to 53% from 56%; the top corporate rate fell from 56% to 50%. The bad news is that since January certain capital gains on large holdings have been taxed at the 53% maximum rate instead of at a preferential 28% rate.

Wolf Prange

August von Finck

Wilhelm von Finck

Wolf Prange

For Wilhelm, 62, and August von Finck, 60, whose private bank, Merck, Finck & Co., holds industrial and property assets dating back to the last century, the new capital gains schedule is worth hundreds of millions of dollars. To mitigate the impact on their estates, the brothers exchanged properties among their various subsidiaries last year. The only other way to write up the securities would have been to transform Merck, Finck & Co.—West Germany's second-largest private bank—into a public stock company. But the von Fincks want to be private bankers, the better to keep their very substantial wealth from public view.

The brothers' $3 billion-plus visible investment portfolio faces more obstacles before it goes to their heirs (Wilhelm has one child and August has four). There will still be a 35% inheritance tax eventually. On a happier note, the 10,000 acres of mostly undeveloped von Finck land around Munich will be taxed at only 10% of market value.—**Philip Glouchevitch**

HEINZ BAUER

Now, cross-border ad breaks

You really know the world's going global when a publisher gives discounts to advertisers across national borders. Bauer Verlag, Heinz Bauer's once strictly German house, now gives advertisers a 15% discount for ads put in all four of Bauer's women's fashion magazines. Only two *(Tina* and *Bella)* are German, while *Maxi* is French and another *Bella* is English. The break applies even if the ad is varied to suit the different national psyches.

In the U.S., where Bauer publishes *Woman's World* and *First for Women,* Bauer is introducing the common English practice of giving agencies volume discounts—to draw smaller advertisers, whose ads get cheaper when pooled with other ads through the same agency.

Bauer, 50, is a longtime border crosser. Aside from his 40-magazine publishing empire, his diversifications include Optyl, which supplies the world with the fancy designer sunglasses created by Porsche Carrera and Christian Dior, and Winn's, a 230-store discount chain in Texas.

But the key asset remains *Hören und Sehen,* Germany's version of *TV Guide.* It and his two other program guides account for one-third of the publishing revenues. The family company was founded in 1875 by Heinz' grandfather.—**Philip Glouchevitch**

MOHN FAMILY

Make profits, not empires

Reinhard Mohn, 70, no longer runs family-owned media giant Bertelsmann A.G. day to day. But his ideas do: Mohn seeks to reconcile the often divergent objectives of owners and their managers, who he says like to empire-build, even at the expense of profits. So certain Bertelsmann managers will soon be able to invest their own money, within limits, in their divisions—for returns determined by profits.

While chairman and patriarch Mohn focuses on such strategies, Chief Executive Markus Wössner sticks to the core businesses—book and record clubs and 70%-owned Grüner & Jahr, a magazine publisher in Europe; Doubleday publishing and RCA Records in the U.S. There are small projects in the works: a German cable channel and a laser videodisc venture. East Germany? A book club previously test-marketed in Dresden begins this year.

Tschauner/DPA

Reinhard Mohn

At $6.7 billion revenues and $206 million 1989 profits, things have come a long way since 1835, when Carl Bertelsmann first published religious books. Reinhard, the fifth generation, has passed to son Johannes a majority of the shares, plus stock to his wife and five other children. He has kept a single DM 500 share that has all the votes, which will eventually go to the nonprofit Bertelsmann Foundation.—**Philip Glouchevitch**

BOSCH FAMILY

World's richest eight-percenters

Privately owned Robert Bosch GmbH is Germany's ninth-largest industrial company, known worldwide for spark plugs, ABS brakes, and other auto components. In 1989 worldwide sales were $18 billion.

Robert Bosch (1861-1942) was the son of a farmer from the Stuttgart region. At age 25, he founded his own manufacturing company and infused it with a quality-first philosophy. His motto: "Better to lose money than trust." His contemporaries taunted him in 1906 for introducing the eight-hour workday in his factories. He donated his company's earnings from World War I, some 10 million marks, to the Weimar Republic. Bosch also built housing projects and hospitals in Stuttgart.

His son Robert Jr., now 62, succeeded his father as manager of the company, and ran it until 1971, when he left (he was 43) and began studying psychology. He founded workshops for handicapped people, psychotherapeutic youth clinics and geriatric centers. He and his family put the bulk of their ownership of the giant company into the Robert Bosch Stiftung GmbH charitable foundation in 1964, keeping only 12%. They have since reduced their share to 8%. But their namesake company's cash flow is so huge (over $1.6 billion in 1989 and growing), even their 8% remnant is worth over $1 billion.

HERZ FAMILY

Changing times

Things are different these days at the famed Tchibo Frisch Rost Kaffee retailing chain. Last year for the first time the bulk of the company's sales ($3.1 billion) came not from the Herz family's coffee-and-sundries business but from consolidating the controlling 60% stake in tobacco company Reemtsma Cigarettenfabrik GmbH. The company also has a 26% stake in Beiersdorf A.G., which makes Nivea skin care products. Coffee store profits fell to $39 million from 1988's $41 million, as raw material prices rose and competition became cutthroat.

Against this backdrop came a family drama of sorts. Michael Herz, 46, who had helped run the coffee chain that's the origin of the family fortune, resigned last November. With younger brother Wolfgang, 39 (who also left), he has acquired Blume 2000, a Hamburg flower distributor with 40 outlets. That leaves eldest brother Gunter, 49, and longtime associate Horst Pastuszek, 63, running Tchibo. All three brothers, two other siblings and their widowed mother remain shareholders.

Meanwhile, the last brewery holding, 90% of profitable Bavaria St. Pauli, was sold for a reported $235 million. The cash seems headed to cigarettes: Management sees growth potential when trade barriers fall in 1992.—**Philip Glouchevitch**

ERICH BROST AND FAMILY

World's most capitalistic socialist

Prior to World War II, Erich Brost was editor of the Socialist Party newspaper, *Danziger Stimme* (Voice of Danzig). After the war he got together with archconservative Jakob

Dirk Hoppe/Netzhaut

Erich Brost

Funke *(see below)* and founded what grew into today's Westdeutsche Allgemeine Zeitung press empire. The Essen-based media power has a near monopoly on newspapers in the industrialized Ruhr region; its dailies boast total circulation of 1.2 million. WAZ also has stakes in an Austrian newspaper and a broadcast property. Total revenues, around $600 million.

Now 86, Erich Brost still comes to the office every day, accompanied by his wife and former secretary Anneliese, 69. Exactly half the company belongs to him and his family. The other 50% is held by Funke's heirs. One of the company's two chief executives is Erich Schumann, 59, a former attorney for Germany's Socialist Party leadership who was legally adopted by Brost in 1985 and set up as the next heir, after wife Anneliese, to the Brost fortune. (Schumann shares the top job with Günther Grotkamp, the right-hand man of the Funke heirs.)

Brost also has a natural son, Martin, 43; his stock in WAZ was repurchased by his father after the 1987 stock market crash for $235 million and a 12.5% stake in the billionaire Otto family's Otto Versand. Megarich Martin lives the yuppie dream as an organic farmer and physical therapist in the hinterlands of Bavaria.

FUNKE FAMILY

Marriage is thicker than water

When Erich Brost's longtime partner, Jakob Funke, died in 1975, things got complicated in the family. Funke's 50% stake in the Westdeutsche Allgemeine Zeitung media empire was inherited by his four daughters and is comanaged by Günther Grotkamp. A 63-year-old former attorney, Grotkamp worked for Funke from 1960 and became his right-hand man. In 1986 he married Petra, now 47, the youngest daughter of Jakob.

Before the marriage, Grotkamp paid the sisters (Gisela Holthoff, 62; Renate Schubris, 52; Ute Funke, 48; and Petra) a $600,000 yearly stipend. The rest of the copious profits were reinvested in the company. Tired of the small payouts, Ute decided to sell her stock in 1989 and was given $160 million from Grotkamp—although her WAZ share may have been worth twice as much. Grotkamp did better by wife Petra: She got the family's 12.5% stake in Hamburg-based Otto Versand, which was worth at least $150 million, in addition to keeping her ownership stake in the family media company.

Not that the other girls are hurting. The eldest, Gisela, for instance, has enough capital to invest in luxury hotels in Köln and the French town of Annecy, in the French Alps.

JOSEF SCHORGHUBER

Munich's master builder

An "extraordinary sense for business," said Ludwig Huber, Bavaria's ex-finance minister, about Josef Schörghuber, the Munich-based construction and brewery entrepreneur. Indeed. The overweight Bavarian has little time for pinstripes and book-learned management methods: In his shirtsleeves he's put together a billion-dollar business. The core is real estate and a construction business built in the 1950s and 1960s: Since 1954 he's built 15,000 apartments, millions of square feet of office space, and much else.

Düren/DPA

Josef Schörghuber

With hefty support from the banks and Bavaria's ruling conservative party, Schörghuber built a massive housing and office complex called Arabellapark in the eastern section of Munich, where there had once been open fields. There's also Bau-Holding, an umbrella under which the traditional Hacker-Pschorr and Paulaner breweries operate. Schörghuber also owns other important stretches of Munich real estate and is Europe's largest Coca-Cola bottler, as well as the owner of the Arabella hotel chain and an airline leasing company.

For years he's been saying he wants to retire to his farm in the town of Bad Tolz. Last April he turned 70—but he still hasn't retired. So son Stefan will have to wait a while before he can claim his father's seat.

KARL HEINZ KIPP

Five-star investor

When Karl Heinz Kipp switched from German shopkeeper to Swiss hotelier it surely improved room service at the Tschuggen Hotel in Arosa, Switzerland. He moved in four years ago after selling his Massa stores for an aftertax gain of some $700 million and leaving his native Germany. From the top floor of the five-star hotel Kipp keeps an eye on his three other first-class Swiss resort hotels.

Kipp, 66, can well afford his *Guide Michelin* housing. Besides that upfront cash from Germany's Asko chain, Kipp gets $65 million a year for 30 years from the real estate under the stores, which he kept. Kipp also owns some Manhattan properties, looked after by his son Ernst Ludwig, who lives in Annapolis, Md.

He bought the Alfred Massa company in 1948 and built it into a successful textile wholesaler. Foreseeing correctly in 1964 the threat of cheap Asian textiles, he switched to retailing and built the 27 stores selling everything from food to sundries to garden supplies that he finally sold to Asko. Now Otto Beisheim's *(which see)* Metro Group reportedly has talked to Asko about buying them. That would give Massa a new Swiss connection: Beisheim has a house in Lugano.—**Philip Glouchevitch**

OETKER FAMILY

Moving on

Frozen pizza, sparkling wine, breweries, hotels, shipping, banking and insurance may not have synergy, but Rudolf Oetker, 74, and family draw a pretty profit from them anyway. Oetker quit active management nine years ago, but only last year did he transfer partial ownership of the main Oetker food and shipping company to his eight children from three marriages. Eldest son August Oetker, 46, manages the company and has voting control.

Wolf Prange

Rudolf Oetker

The transfer (other assets have long since been handed down) brings the "family store," as Rudolf likes to call his company, safely to the fourth generation. The business got its start in 1891 when Rudolf's grandfather began packaging baking powder in retail quantities, with free recipes included. German sales have always been strongest—some $600 million last year, versus only $225 million abroad. So Oetker seeks to expand. A 1989 joint venture with Turkey's Piyale to market Oetker products in Turkey marks a start. Then there's always East Germany.—**Philip Glouchevitch**

VON OPPENHEIM FAMILY

Globalization strikes again

The von Oppenheims would just as soon stick to home turf. "Our strength has always been in the Rhineland," a spokesman says. But 1992 approaches, and the owners of Germany's largest private bank (assets: $7.5 billion) must move on.

Manfred von Oppenheim

Wolf Prange

Last September cousins Manfred, 66, and Alfred, 56, sold a majority of the bank's 53% of the Colonia insurance company to Victoire group, a French holding company, for an undisclosed sum. Among other things, this will give Sal. Oppenheim jr. & Cie. more visible equity and more added clout as a unified Europe looms. Aside from the cousins' desire to concentrate more on banking, the elimination of preferential tax treatment for capital gains after Jan. 1 made the recent sale irresistible.

But they must also now have offices in New York, London and Tokyo, like anyone in big-time European banking. And last August they acquired Paris brokerage Jean-Claude Melendes, to add to their presence in the other continental markets of Holland, Luxembourg and Switzerland. So necessity has made the cousins internationalists.—**Philip Glouchevitch**

Wolf Prange

Alfred von Oppenheim

HUGO MANN

To sell or not to sell

Mann, 77, started out as a carpenter's apprentice and became one of Germany's biggest merchants. By 1988 his Wertkauf/Mann group had sales of $1.8 billion, enough to make him the country's 14th-largest retailer. His main companies today are the self-service Wertkauf supermarkets and the Mann furniture houses.

Mann breaks up his empire into three regional companies, plus a real estate holding company and a separate chain of furniture stores. Each of the pieces is small enough to escape the German financial reporting requirements for large private firms. But in 1988 the billionaire Otto family's Otto Versand toyed with buying Mann out. Their professional appraiser reportedly valued Mann's stores at about $1 billion—not counting the real estate held separately.

But no deal materialized, and Mann says he has no plans to sell off his company. "What would I do with the money?" he is reported to have said. "I would have to hire five or six people to manage it." Horrors!

VON SIEMENS FAMILY

Family protection plan

Siemens A.G., with annual sales of $35 billion, is the second-largest industrial company in Germany. It makes everything electrical from streetcars in Sacramento to nuclear power plants in Europe and South America to computers in Germany.

Thanks to its enormous cash flow, Siemens has a huge cash hoard, which it has used aggressively in recent years: a reported $3.5 billion on its share of the joint hostile takeover—with GEC of Britain—of the U.K.'s Plessey Industries; about $1.2 billion to buy Rolm from IBM; and some $600 million to take over 51% of Germany's Nixdorf Computer. Even after all that, it has $13 billion left.

That's 60% of its market value, and any armchair takeover artist knows he could easily borrow against cash flow to cover a bid. The stock has run up some 30% in the past year.

But there'll be no takeover here, thanks to the heirs of Werner von

Peter von Siemens Maechler/DPA

Siemens, who cofounded Siemens & Halske Telegraph Co. in 1847. The company has been run by nonfamily managers for 20 years. But 200 family members do own 12% of the share capital through a trust, and many of the shares have up to six times the votes of ordinary shares—enough, reportedly, to give 25% control. Under German law that effectively blocks takeovers.—**Philip Glouchevitch**

FRIEDRICH KARL FLICK

Where is Flick?

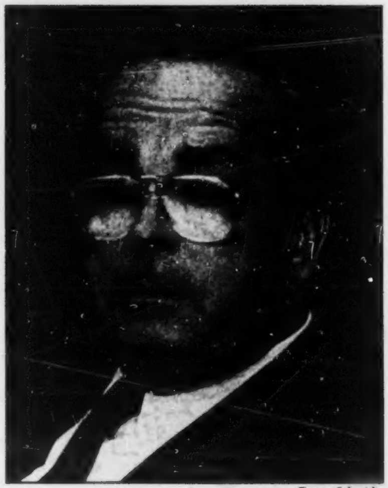
Friedrich Karl Flick, 63, continues to be notable by his absence. Five years ago he sold his industrial empire to Deutsche Bank for $3 billion. Since then Flick's only visible role has been to fulfill his duty on the supervisory board of Deutsche Bank. The feud with his two nephews, Friedrich Christian and Gert Rudolf, whose interests in the family company he bought out for a mere $120 million back in 1975, has calmed since Flick paid them an additional undisclosed amount last year. Fallout from the 1981 Flick affair, involving political contributions, has also subsided.

But anonymity doesn't come easily with the Flick name. Flick's father, also named Friedrich, profited before World War II from coal, steel and armament stocks, and was close to Hitler and high-ranking Nazis. He was sentenced to seven years in jail after the war. The family retained interests in steel, and invested in paper, chemicals and cars, at one time amassing 48% of Daimler-Benz.

So, is Karl Flick—K.F. to his friends—retired? Unconfirmed sightings of him in New York suggest he isn't, but just proceeding very quietly.—**Philip Glouchevitch**

Wolf Prange

Friedrich Karl Flick



Hubertus Liebrecht Tomas Schmidt

BOEHRINGER FAMILY

Tradition pays

The Boehringer family, led by Hubertus Liebrecht, the founder's grandson, owns Germany's third-largest pharmaceutical company, Boehringer Ingelheim, with 1988 sales of $2.4 billion and cash flow of $250 million. Cash flow multiples common to German pharmaceutical firms would give it a value of $2.6 billion. The company is best known in the U.S. for cooperating with Genentech to market the heart drug Activase, but it's active in over 100 other countries, selling such items as Persantin, used to treat atherosclerosis, as well as chemicals and basic food products.

Albert Boehringer founded the company when he bought a small tartaric acid factory in Lower Ingelheim—not far from Frankfurt—in 1885, and began selling its production to pharmacies and dye factories. He ran the business so well that during the German hyperinflation of the early 1920s its scrip was accepted as money. Boehringer Ingelheim doesn't have to guarantee money anymore, but it's still highly regarded two-thirds of a century later—another example of the strength of Germany's tradition of family-owned companies.

WERHAHN FAMILY

Fortune builders

The Werhahns of Neuss, on the Rhine, reclusive as ever, continue to shroud banking, building materials and wholesaling interests from view. It appears that the family is beefing up financial services. The family bank, Bankhaus Wilhelm Werhahn K.G., previously the umbrella for industrial holdings, is now part of a separate financial services division, along with the recently purchased Hamburg-based auto financing company Auto Kredit Bank A.G. (assets, $600 million). The family will say only that the results for the financial services and other industrial interests "may be up from last year."

The nominal head of the family, Heribert Werhahn, recently reassumed the chairmanship of the supervisory board of Strabag Bau A.G. The Werhahns own some 50% of this publicly traded construction outfit, Germany's fourth largest. Strabag is in fine shape, and may even resume paying out a dividend after a five-year drought.

Many observers consider Eastern Europe a prime market for construction companies like Strabag. The

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Wolf Prange

stock recently traded at over DM 550, compared with just over DM 200 last year, putting the value of the family's holding in this piece alone at over $450 million.—**Philip Glouchevitch**

MERCK FAMILY

The quality of Merckness

The Merck family from Darmstadt in central Germany traces its company history back to the Mercksche Engel Apotheke, a pharmacy founded in 1668. Since 1827 it has produced chemical and pharmaceutical products in industrial quantities, today generating revenues of $1 billion a year making a variety of pharmaceutical and medical products. The company was the precursor of today's Rahway, N.J.-based Merck & Co., which was split off from its parent—as were many German subsidiaries—at the time of the First World War.

Michael Lange-Manager Magazin/Visum

Hans Joachim Langmann

The capital of Germany's Merck is still in the hands of the family—more than 80 members of which are shareholders today. By now they have names like Baillou and Berglar, Groos and Kessel, but they're all Mercks to the core. For over 25 years Hans Joachim Langmann, 66, has been the undisputed head of the clan—a physicist who married into the family in the 1950s. Today he reportedly presides over the company like a feudal lord. For him the corporation is the "place where modern man realizes himself."

But there can be such a thing as too much Merckness. Langmann likes to get away to the Black Forest or the island of Sylt in the North Sea to renew his perspective on the family's $2-billion-plus fortune.

HANIEL FAMILY

Thank King Frederick

With its sooty chimneys and rusty cranes, Duisburg is not Germany's prettiest city. But this Ruhr town is home to the sparkling Franz Haniel & Cie GmbH, a worldwide trading company owned by the 288-member Haniel family, now in its fifth generation of company ownership. All of them are shareholders.

But the company's success is largely the result of the policy of installing professional management. Self-assured Chief Executive Hans Georg ("no one blows us over") Willers oversees 23,000 workers in 151 Haniel companies busily shipping to and from Africa, trading pharmaceuticals and heating oil and disposing of industrial waste, among other things. Perhaps most important of all, the company is also a major—33%—shareholder in heavyweight European discounter and retailer Metro *(see Beisheim, Schmidt-Ruthenbeck)*, a stake alone worth some $2 billion. The company headquarters sits precisely on the spot overlooking the harbor where in 1756 Frederick the Great of Prussia allowed shipper Jan Willem Noot to build a warehouse, and started the whole thing going.

SCHMIDT-RUTHENBECK FAMILY

Low profile

The brothers Michael and Rainer Schmidt-Ruthenbeck from Duisburg are among the least-known rich. They seldom appear in the public eye. Yet together they own a third of the Düsseldorf-based Metro Group, Europe's very private and little understood wholesale and discount-retail behemoth. For Metro's 25th anniversary last year, company founder Otto Beisheim *(which see)* and the brothers offered a look inside the company: They admitted that worldwide sales reached $20 billion and that Metro employed almost 90,000 people, about 16,000 in West Germany. The group owns a majority of Köln-based department store chain Kaufhof A.G., four shopping centers, 25 building and hardware stores, 24 furniture outlets and 6 sporting goods stores—and is behind such well-known European retailing names as Huma, Primus, BLV, Meister, Wines Point and BOT. Color the secretive brothers' fortune $2.2 billion.

FREUDENBERG FAMILY

Diversified producer

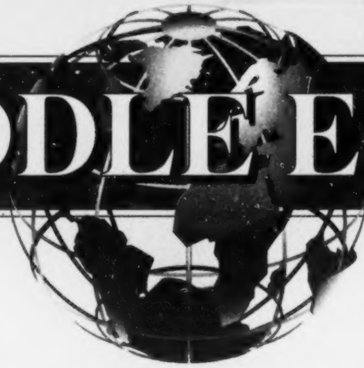
Reinhart Freudenberg, 58, heads Weinheim-based Freudenberg GmbH (sales, $2.5 billion), a diversified producer and supplier for the automotive manufacturing and textile industries. The company had started out as a tannery, but over 50 years ago began diversifying into nonwoven fabrics, oil seals and vibration dampers. Reinhart took over the top spot in 1961 on behalf of some 250 family members. The company, now active in 26 countries, has been consistently reinvesting about 7% of its sales in research and development.

Freudenberg is a descendant of the company's founder, Carl Freudenberg, who had started the business in 1844. Reinhart's uncle, Richard, who at one time headed the company and after World War II served as an independent delegate to the Bundestag (the lower house in the German parliament), typified German modesty. When checking into hotels in Bonn to attend parliamentary sessions, he would list his occupation simply as "tanner," nothing more.

Wolfgang von Brauchitsch

Reinhart Freudenberg

MIDDLE EAST



SAUDI ARABIA

ABDUL LATIF JAMEEL

"We always attack"

Jameel did better than striking oil or gold. In 1955 he won exclusive rights to distribute Toyota vehicles in Saudi Arabia. Abdul Latif Jameel Co. Ltd. built Toyota sales to a peak of 152,000 during the oil boom, almost a third of the Saudi passenger and light-truck market. Thanks to auto distribution, A.L.J. is one of the largest private Saudi businesses by sales, with revenues of $1.3 billion. The 1980s oil slump cut sales sharply, but by then Jameel had channeled profits into his Jaymont Properties, an impressive list of prime realty in New York, Boston, San Francisco, Miami and Orlando. Among Jaymont's holdings: the 49-story "Wang Building" at 780 Third Avenue in New York.

But Toyota distribution remains the heart of his empire. Jameel has developed this market by creating the largest central parts warehouse in the Middle East, through easy financing, and with some of the most sophisticated advertising in Saudi Arabia—it once featured former boxing champ Muhammad Ali, a regional favorite. Having become expert in auto dealerships, A.L.J. made a successful hostile bid on Hartwell Plc., a British distributor with Ford, Rover, Jaguar, BMW and Mercedes franchises.

Jameel, now in his mid-70s, has taken Mohammed, one of his three U.S.-educated sons, into the business. Son Mohammed is no pussycat. He recently told London's *Sunday Telegraph:* "If you have market share, profit will always follow. We always attack, we don't defend. So our competitors are always under attack. We never let go. If you do, it gives them a chance to gather momentum."—**Zina Sawaya**

Abdul Latif Jameel

Salim Ahmed Bin Mahfouz

BIN MAHFOUZ FAMILY

No recourse

The Bin Mahfouzes are traditional bankers to the House of Saud, which has posed a problem. The oil bust hit some of the king's lesser relations hard, and the Bin Mahfouzes' National Commercial Bank was obliged to eat bad royal paper. Recourse? None.

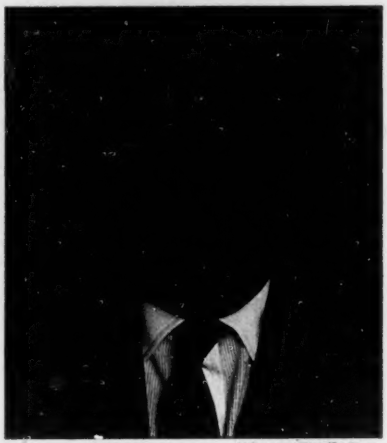
On a happier note, the family was able to sell, for $528 million, its 20% share of Bank of Credit & Commerce International, the bank indicted on drug money laundering charges in the U.S. in 1988. Without the BCCI headache, the Bin Mahfouzes are now ready to capitalize on recovery in the Gulf, or invest more abroad. The family's major global vehicle is Luxembourg-based Middle East Financial Group, which among other things, has major U.S. real estate holdings.

The family's 60%-plus of National Commercial, Saudi Arabia's largest bank (gross assets, $23 billion), is worth over $500 million (the other 40% belongs to the also wealthy Kaaki family). Add to this huge Saudi landholdings, and the Bin Mahfouzes' worth exceeds $2.5 billion. Khalid Bin Salim Bin Mahfouz, 43, seems to be emerging, as his father, patriarch Salim Ahmed, steps onto the sidelines. Khalid's brothers, Mohammed and Abdul Elah, are also in management, but he looks at the deals, makes the moves and oversees foreign investments. Khalid Bin Mahfouz is described as a risk-taker, and has recovered from a serious car accident last year—as well as from royal deadbeats.—**Zina Sawaya**

SULIMAN SALEH OLAYAN

Like father, like daughter

Olayan likes the stock market, although he has reduced his stakes in Occidental Petroleum (to around 1%), First Chicago Corp. (to 3.5%) and Transamerica (to 3.3%), according to the latest available 13-D filings. He operates here under the names Crescent Diversified Ltd. and Competrol Establishment.



Suliman Saleh Olayan Robert Azzi/Woodfin Camp

In 1988 the Olayan Group acquired a 30.5% temporary stake in CS First Boston Inc. to facilitate the merger of First Boston with European affiliate Crédit Suisse First Boston. Through Crescent, Olayan has kept 5% of CS First Boston after selling the 30.5% to Metropolitan Life and others. The Met deal values his 5% at an estimated $100 million.

In Saudi Arabia, meanwhile, Olayan's long list of lucrative franchises includes Kimberly-Clark and Colgate-Palmolive. To these he more recently added the right to distribute Coca-Cola in Saudi Arabia—even though Coke is on the Arab boycott list for its Israeli operations.

Olayan, 71, is increasingly turning the business over to his four children. Unlike most Saudis, he does not discriminate against his female children. Two of his daughters have earned M.B.A.s at U.S. universities, and daughter Hutham is boss of New York-based Crescent.—**Zina Sawaya**

AL-RAJHI FAMILY

Non-interest-bearing accounts

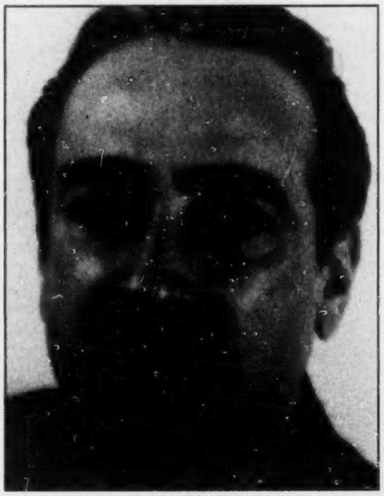
The Al-Rajhi brothers (Sulaiman, Saleh, Abdullah and Mohamed) are the envy of Saudi bankers. Their Al-Rajhi Banking & Investment Corp. (assets, $4.5 billion) may be one of the most profitable banks in the world. Return on its substantial equity exceeded 48% last year. The former moneychanger went public in 1988 at $26.70 a share, and recently traded at $380, valuing the Al-Rajhis' 52% at nearly $1.6 billion. Add to that hundreds of millions made in the oil boom years.

The Al-Rajhis' bank now has the largest number of branches in the kingdom. Other banks close at 7 p.m.; Al-Rajhi stays open until 8. The brothers are fervently religious, but stay open late Thursday afternoon, when lazier competitors go home for the Muslim weekend. The bank operates according to strict Islamic rules that forbid paying interest. Instead of earning interest, depositors share in bank profits. For a business client, the bank will buy his needed inventory or asset and resell to him at a markup. Investment banking, in short, pays.—**Zina Sawaya**

ABDUL AZIZ A. AL-SULAIMAN

Good risk

Al-Sulaiman, 59, has surrounded himself with a clique of shrewd Syrian Christians who assist him in investment decisions. As a result, Al-Sulaiman has channeled most of the money earned during the oil boom years abroad. His main European company, Rolaco Holding (named after daughter Rola), owns 6% of Belgium's Compagnie Internationale des Wagons-Lits, one of the biggest leisure groups in Europe. It also owns hotels and a stake in German hotel management group Kempinski A.G. Shipping, banking and realty are also among Al-Sulaiman's holdings.



Abdul Aziz Al-Sulaiman

Al-Sulaiman's main domestic corporate presence is Rolaco, which, among other things, sells Nissan diesel trucks. His son Saud, 28, is general manager. Al-Sulaiman's family also controls Arabian Cement Co.

Al-Sulaiman is widely considered one of Saudi Arabia's largest private landowners; he reportedly owns a big chunk of downtown Riyadh, the capital. Perhaps the clearest indication of his wealth and power are reports that Al-Sulaiman is not required to give his personal guarantee to bankers, and so does not disclose assets. There is no indication that he has abused this privilege: His credit has proved good at a time when even some Saudi royals' loans have gone sour, as witness the case of the Bin Mahfouz family *(which see)*.—**Zina Sawaya**

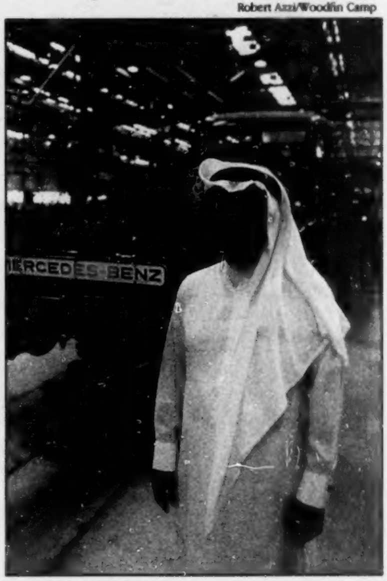
JUFFALI FAMILY

Agents of choice

With Western companies finding it more important than ever to hook up with a local partner to do business in the Gulf, brothers Ebrahim, Ahmad and Ali Juffali should have their hands full. They run E.A. Juffali & Brothers, which has represented some of the world's biggest multinationals, including Mercedes-Benz. The family has long enjoyed royal favor in a kingdom where such favor counts for much more than just prestige. Legend has it that the Juffalis won royal favor when they installed imported cooling machinery at the House of Saud's summer resort, Taif, in 1950. The Juffalis still represent Fluor Corp. and York International; the latter recently won a contract to air-condition the sacred Prophet's Mosque in Medina.

The Juffalis also participate in joint ventures, teaming with Du Pont to produce permeators, a key element in water desalinating equipment—another big business in Saudi Arabia.

Robert Azzi/Woodfin Camp



Ahmad Juffali

Their extensive stock portfolio includes a position in Daimler-Benz. A family holding company, Enpro International, has substantial U.S. real estate.—**Zina Sawaya**

KUWAIT

MOHAMED ABDUL MOHSIN AL-KHARAFI

On the road to Morocco?

Mohamed Abdul Mohsin Al-Kharafi Industries & Establishments, one of Kuwait's largest construction companies, is considering Morocco. A May symposium in Morocco's seaside resort of Agadir introduced proposed free trade zones to a number of top executives and entrepreneurs from around the globe, including six billionaires or members of billionaire families. Among them was Mohamed Al-Kharafi. As chairman of the $13 billion (assets) National Bank of Kuwait, the oldest in Kuwait and the best managed in the Persian Gulf, it's a safe bet Al-Kharafi wasn't there to take the waters.

Mohamed Abdul Mohsin Al-Kharafi

Was this symposium the start of something big in Morocco? FORBES wanted to know. A simple, quiet-spoken man, Al-Kharafi smiled, demurred. His investment philosophy: "I'm not in one pot, not in one place, not in one currency."

Last year Al-Kharafi's NBK reported official profits of $120 million, but a good chunk of its real profits is hidden away under liabilities or in secret reserves. "We learned that from the Swiss," quips an NBK banker.

Mohamed's son Jassim is a presence in his own right: Until recently he was finance minister and chairman of the government's Kuwait Investment Agency. Mohamed Al-Kharafi's presence at that Moroccan symposium was a highly positive sign for the North African kingdom.—**Zina Sawaya**

AL-GHANIM FAMILY

Americanesque

Sometimes called the Rockefellers of the Persian Gulf, the Al-Ghanims are more Western-oriented than most Gulf business people. Yusuf Ahmad Al-Ghanim & Sons was always quick to recruit outsiders, including American M.B.A.s, for top management positions. But the family still prevails. Patriarch Yusuf Al-Ghanim, in his late 80s and long inactive, has one son running the business: Bassam, in his early 40s.

Yusuf Al-Ghanim

The family's diverse company includes travel agencies, contracting, insurance, electronics, shipping, car rentals, franchises for Chevrolets and Cadillacs—favorites in Kuwait—and even a license for Toys "R" Us, also hugely popular, in various Gulf countries. The Al-Ghanims' New York-based investment vehicle AI International Corp. invests in real estate, and its AI Automotive Corp. is one of the top ten parts distributors in the U.S. The latter venture is in some trouble: It apparently stretched itself thin buying all over the country instead of concentrating on one region.

Yusuf's son Kutayba spends most of his time in the U.S., working and living in New York.—**Zina Sawaya**

BAHRAIN

KANOO FAMILY

Peace-loving family

Few are happier with the end of the Iran-Iraq war than the Kanoo family, the leading shipping agents in the region; peace means more trade. The Kanoo Group supplies some 3,000 to 4,000 ships in the Gulf annually with essential services: docking, cargo handling, land transportation. With the guns silent, according to London-based *Containerisation International,* container tonnage in the Persian Gulf—excluding shipments to Iran and Iraq—was up an estimated 5%, to 22 million tons, last year.

Besides shipping, the Kanoo Group, led by 67-year-old Ahmed Ali, is in banking, insurance, agriculture, industrial equipment sales and travel agencies. Ahmed Ali is chairman of the National Bank of Bahrain (assets, $2 billion). He is also vice chairman of Investcorp, the Middle East's foremost merchant bank, which bought Tiffany & Co. in 1984 and recently agreed to buy Saks Fifth Avenue from Britain's B.A.T Industries (for whom the Kanoos are the local agents in Bahrain).

The Kanoo Group rose to prominence as a pearl trader. It celebrates its 100th anniversary this year by getting into consumer products. It now represents Sears, Roebuck and has just received the first shipment of household appliances, hardware and gardening tools. It wants other such franchises—a clear signal that peace is bullish for the Gulf's consumption-minded middle class.—**Zina Sawaya**

Ahmed Ali Kanoo

TURKEY

VEHBI M. KOC

Slacks, refrigerators and lumber

They say in Turkey that there's the public sector, the private sector and the Koc sector. In fact, the Koc (pronounced like coach) Group (1989 consolidated sales, $6.4 billion) has its products in practically every household in Turkey. Under Koc Group are 103 companies in electron-

Vehbi Koc

Gilles Mermet/Sipa

ics, construction, food, insurance, tourism, textiles, household appliances, automotives and exporting. A net worth believed at over $2 billion has allowed the Koc family to live like pashas in a sumptuous mansion overlooking the Bosporus, complete with ancient Roman columns.

A grocer by origin, founder Vehbi Koc, 89, certainly has lived up to his name, which means ram in Turkish (a ram's head is the company's logo). He still is said to have the last word at board meetings. Son Rahmi, 59, runs the business, and U.S.-educated grandsons Mustafa, Omer and Ali are being groomed.

In the U.S., Koc has a small apparel business, New York-based Ramerica International (1989 sales, $50 million). According to S. Ugur Sabuncu, Ramerica's president, it's the first Turkish company to develop a successful brand name here: a moderately priced, Turkish-made line of young women's sportswear called Europrep. The line is now in thousands of stores, including J.C.Penney. Sabuncu has started advertising the sportswear nationally in magazines like *Elle,* and is aiming at finer department stores. This is in odd contrast to Ramerica's other activities: importing Turkish-made refrigerators and selling Canadian lumber.—**Zina Sawaya**

SABANCI BROTHERS

Sibling harmony

Turkey's other big conglomerate, Sabanci Holding A.S. (1989 sales, $4.4 billion), has two recently inked joint ventures. One is with Toyota Motor Corp. and Mitsui & Co. to make Toyotas. The other, with Philip Morris to make Marlboros, Chesterfields and Parliaments, was the Turkish government's idea, and the Sabancis were agreeable. Before becoming Prime Minister in 1983, now-President Turgut Ozal was Sabanci Holding's chief executive officer.

Of the group's 47 companies, the biggest is one of Turkey's most profitable banks, Akbank (1989 net profit, $149 million). According to Capital Intelligence, the Cyprus-based bank rating agency, a lot of Akbank's loans go to Sabanci companies (the bank claims only 12%).

The group's late founder, Haci Omer Sabanci, started in the 1930s with a cotton gin and a vegetable oil plant. Since 1966 it has been run by his five sons. Sakip, 57, chairman, oversees the Istanbul-based companies; Haci, 56, runs food, cement and textiles; Sevket, 55, looks after international relations and trading; Erol, 54, banking and insurance; and Ozdemir, 53, is in charge of automotive and plastics.

Gilles Mermet/Sipa

Sakip Sabanci

Sevket once described the working relationship between the brothers this way: "Views are debated, details are gone into, and then we set about reconciling all the differences so as to reach a decision. I have yet to see one or more of my brothers persisting in a contrary opinion in any matter and remaining in opposition. . . . God rest him [father Haci], he left no scope for any complexes to emerge for any one of us." Quite a legacy.—**Zina Sawaya**

LEBANON

RAFIK B. HARIRI

That's him all over

Being in Saudi Arabia during the boom years was Hariri's luck. From modest beginnings in his native Sidon, Hariri became a big contractor as the protégé of Nasser Al-Rachid—not Saudi royalty, but still rich and powerful.

The student outgrew his master. From Saudi Arabia and his big Saudi Oger construction company, Hariri has branched out around the world. He's mainly based in France, as Holding de Participations et d'Investissements, which buys and develops real estate in Europe, North Africa and the Middle East. Subsidiary Techniques Environnement Sigoure treats polluted water.

Rafik Hariri

In the U.S., the Hariri Group buys developed real estate, mainly in Washington, D.C., New York, Boston and Texas. Hariri recently bought

Houston acreage, next to his 85%-owned Texas Commerce Tower. Hariri also owns Banque de la Méditerranée, with offices in France, the U.K., Switzerland and Lebanon (combined net total assets, $1 billion), and important stakes in French banks Compagnie Financière de Paribas and Banque Indosuez.

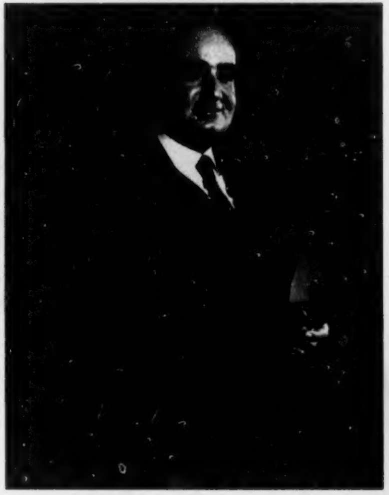
Widely admired in Lebanon for his hard work, integrity and generosity, Hariri has contributed millions to scholarships for Lebanese students, and for projects to rebuild parts of the country destroyed by civil war. Unfortunately, the crazed warlords and their backers far outnumber builders like Hariri, so the devastation proceeds.—**Zina Sawaya**

SAFRA BROTHERS

Apology accepted

A world-class row between American Express Co. and financier Edmond Safra now seems over. Amex bought Safra's private Swiss bank, Trade Development Bank, for $550 million in stock in 1984. Safra sold the stock, and started a competitor in Geneva on virtually the day in 1988 his noncompete agreement ran out. Last summer Amex admitted its employees were behind a press campaign libeling Safra by linking him to money laundering. Amex Chairman James Robinson III apologized and gave $8 million to Safra's favorite charities. Then Amex sold TDB for a tidy $1 billion, making a profit but throwing in the competitive towel.

Karsh/Woodfin Camp



Edmond Safra

Perhaps Robinson still hopes for the last laugh. He sold TDB to Compagnie de Banque et d'Investissements. It is headed by Edgar de Picciotto, Safra's Lebanese-born childhood friend before their families fled anti-Jewish sentiment in the 1950s. Now the two will be head-to-head competitors. De Picciotto starts out by far the larger of the two—his CBI-TDB Union Bancaire Privée has $17 billion under management. But Safra's outfit, with $3 billion, is growing fast.

In the U.S. Safra's Republic New York Corp. (assets, $25 billion) bought Manhattan Savings Bank (net worth, $270 million) this spring in a complex deal giving Republic "a very valuable savings and loan for next to nothing," according to one banking analyst. On the other hand, Republic took a hit last year: an 86% drop in net income, to $24 million, the result of adding $200 million to loan loss reserves against exposure to Latin America. That could be a warning. The Safras have known South America for years: Brothers Joseph and Moise run one of Brazil's biggest banks, Banco Safra (1988 reported assets, $2.5 billion).—**Zina Sawaya**

CITIZEN OF THE WORLD

THE AGA KHAN IV

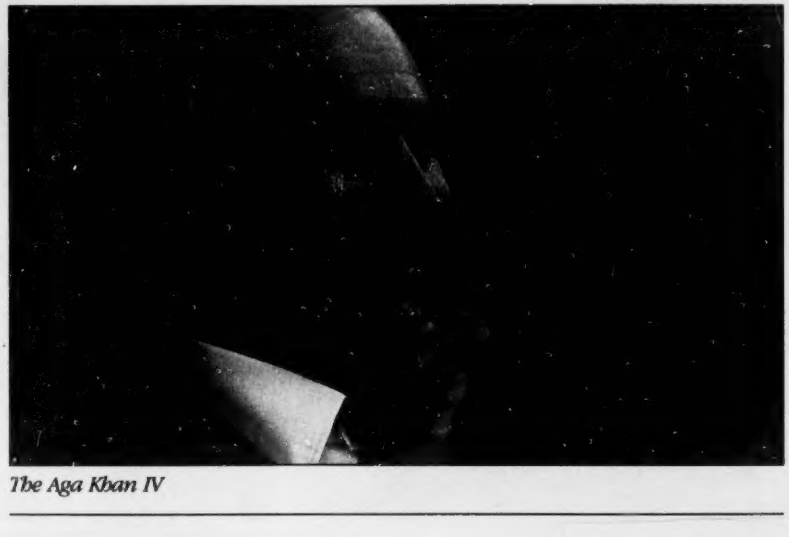
Citizen Khan

To his 15 million Ismaili subjects, Prince Karim Al Hussaini, the 49th Imam, is the Prophet's direct descendant on earth. To the West he is Harvard '59, a hard-headed businessman who lives stylishly with his wife and three children on an estate outside Paris, is legally domiciled in Geneva and carries a British passport. Last year he invested $102 million in Giovanni Agnelli & Co., which indirectly holds Fiat stock and is mostly owned by sailing chum Gianni Agnelli. Through his own holding company, Fimpar, the Aga Khan, 53, has over 50% of a luxury hotel group, Ciga. He also owns about 700 Thoroughbreds and a stock portfolio, unrevealed but reputedly huge.

His hereditary title also carries an enormous cash flow asset: the *zakat*, or the 12% of their incomes that Ismailis—progressive Muslims and respected businessmen in the Third World —have been voluntarily contributing to the Aga Khans since 1817. Some of the estimated $100 million a year brought in by the *zakat* goes back to the community via an educational foundation. Then there's the Aga Khan Fund for Economic Development, a for-profit, Geneva-based investor in Ismaili businesses and other projects in the Third World.

No longer, says a spokesman, does the Imam invest in import substitution schemes. "We found ourselves making things like women's stockings that cost more and were of worse quality than the imports they were supposed to replace. Today we are building on the strengths of the local economies." Hence, hotels in Kenya and Pakistan. Or fine-leather tanning of exported animal hides. "Things that are replicable in [various] countries," he explains. Thus does this billionaire of the world—his spokesman denies he's that rich—move to integrate Third World economies into the global economy.—**Manjeet Kripalani**

Peter Paul-Contrast/Gamma-Liaison



The Aga Khan IV

Four prefixes describe certain people widely regarded as billionaires. Some may just have it too well hidden. Others accentuate assets and downplay debts. Still others have lousy luck.

FORMER, NON, MAYBE AND WANNA BE

Non: Kuwait's **Al-Marzook family** proves to be less well endowed with real estate and more endowed with debt than we thought.

Former: Ramón Areces, the richest man in Spain, died last year at 84, leaving his estimated $2-billion-plus fortune to a foundation.

Maybe: Michel David-Weill, the French citizen and New York City resident who is the power at renowned international investment house Lazard Frères, has $800 million that we can identify, and perhaps much more.

Wanna Be: Italy's **Carlo de Benedetti** has had poor luck at his empire building this past year; his visible net worth comes to near $600 million.

Maybe: Henry Fok (rhymes with "luck") of Hong Kong has a minority interest in Stanley Ho's Macao casino empire, and perhaps much more.

Former: Akikazu Fujisawa, proprietor of Tokyo's Yodobashi Camera shops, is having earnings trouble. Even his Shinjuku district real estate seems not enough to keep him on our listing.

Maybe: Sir James Goldsmith, assumed by many in the press to be a billionaire, remains off our list not because of his failure with B.A.T Industries so much as because of the one big unanswered question: How much debt was there in his empire before he started cashing out some of his holdings?

Non: Alfred Heineken, heir to the Dutch brewing fortune, owns half of a publicly traded trust that, in turn, owns half of the famed Heineken Brewery. Value of his portion therefore: about $500 million.

Maybe: Stanley Ho, the mysterious controlling partner in Macao's casino cartel, is exceedingly rich, but too little else is visible to include him.

Non: Japan's **Iketani family** has put too much of its Tokyo Steel stock holdings into a foundation to find a place on this listing.

Maybe: Saudi Arabian **Saleh Kamel** heads Al Baraka Group, which operates a string of Islamic banks throughout the Middle East and North Africa. The company also does maintenance work and contracting, and has several foreign franchises. The group's total equity is nearly $900 million.

Former: The visible net worth of Japan's **Masao Kato** and family fell below $1 billion, as the earnings of their privately held corn syrup maker, Kato Kagaku, dropped.

Former: The stock of Japan-based international builder Kumagai Gumi collapsed last year, taking the **Kumagai family's** holding far below the $1 billion mark.

Former: Hong Kong's **Lee Shau-kee's** Henderson Land collapsed after the Tiananmen Square disaster along with other Hong Kong real estate stocks. But unlike, say, Kwok Takseng's, Lee's stock didn't bounce back enough to restore him to the billionaires' ranks.

Maybe: Costas Lemos, said by some to be the richest Greek shipowner of them all, currently has only five ships; with identified real estate, what's visible is estimated at around $250 million. If he has more than $1 billion, he's hidden it well.

Maybe: The **Livanos family,** another Greek shipowning name to conjure with, has over 20 ships currently, but not enough other identifiable holdings to call them billionaires.

Maybe: Japan's **Masao Nangaku** has more debt than previously realized, and some land on long-term lease rather than directly owned.

Non: The late **Christina Onassis'** daughter Athina, now 5, is the diminutive heiress to a famous name and a shipping empire worth about $500 million. At 10%, she'll be a billionairess by the time she hits junior high school.

Maybe: South Africa's **Harry Oppenheimer's** visible holdings are worth about $800 million; whatever else there may be remains to be tracked down.

Non: Osman Ahmed Osman founded Egypt's giant Arab Contractors Co. but doesn't operate it. The Egyptian government, not Osman, owns it.

Non: Saudi Arabia's **Ghaith Pharaon,** who was once a near-billionaire, continues to wrestle with financial problems.

Former: Ted Rogers, the Canadian cable TV and cellular phone king, has holdings in his Rogers Communications that topped $1 billion earlier this year, but more recently fell to $800 million.

Wanna Be: Gerald Ronson, proprietor of Britain's Heron International, still seems to be hovering below the $800 million mark.

Non: India's legendary **Tata family,** who basically created India's industrial base, continues to run significant slices of the Indian economy. However, the bulk of the ownership resides in charitable trusts.

Non: Germany's **Thyssen family,** much of it resident in Argentina, is related to a billionaire *(see Thyssen-Bornemisza),* but its holdings in the Thyssen steel empire still fall far short of $1 billion.

Former: Sweden's **Wallenbergs** dominate their national economy, but do so through a series of foundations in which most of the ownership of their huge empire resides.

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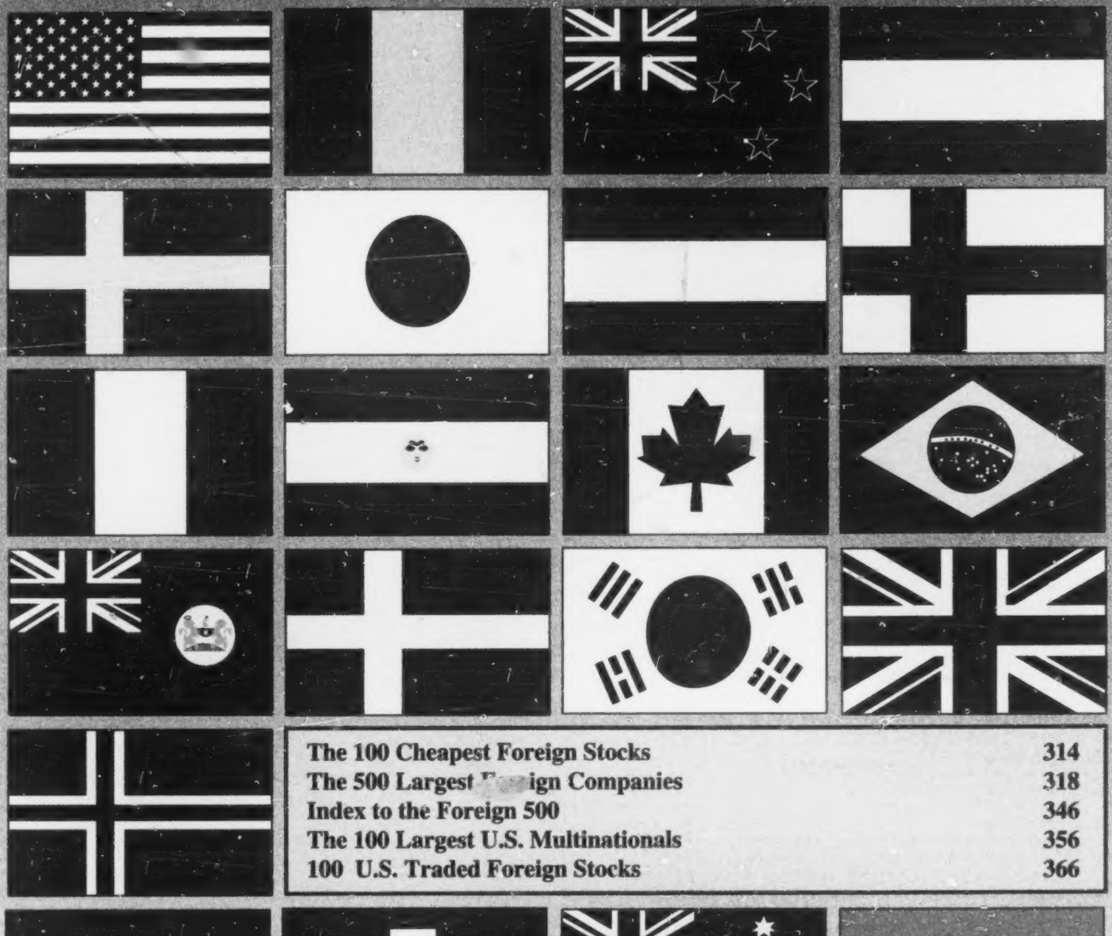
THE FORBES FOREIGN RANKINGS



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The 100 cheapest foreign stocks

Low-P/E foreign stocks for contrarians

LAST YEAR AMERICAN stocks outperformed foreign stocks, but that may prove an aberration. For the three years ended December 1989, the Morgan Stanley world index of non-U.S. stocks climbed 70% in dollar terms, versus a 43% gain for U.S. stocks.

With so many U.S. investors now using computers to find bargain-priced U.S. issues, the best undervalued situations may be foreign shares. Looking for such stocks, we again turned to Morgan Stanley Capital International Perspective and its extensive international database.

To be a candidate for our cheap stock list, an issue had to sell for no more than 70% of the P/E ratio of its national index. Thus, for example, the Japanese market multiple is 44 times earnings, so only stocks with P/Es below 31 were considered—these aren't cheap stocks, just cheaper. We used a second screen of relative valuation by dropping off stocks with price-to-book values in excess of 90% of the price-to-book ratio of the national market. Finally, we eliminated stocks with a market capitalization under $200 million, so as to include only those foreign stocks that are fairly liquid.

The stocks below are ranked in descending order of cheapness, by P/E ratio. Near the top of the list, France's Peugeot Group is selling for only 4.5 times 1989 earnings. This automaker is having trouble in the U.S. but is doing well in Europe. It is joined on our low-P/E table by Volvo, Volkswagen, Toyota and Honda. These could be real bargains if volume picks up again.

The earnings estimates in the table come courtesy of the International Institutional Brokers Estimate System, a service of New York brokerage Lynch, Jones & Ryan. Of the 100 companies listed below, only 30 are expected to show higher earnings in 1990. That's one reason for the low P/Es.

Treat the table below as a menu of possibilities. It may be tougher to do research on these stocks than it is on, say, Mobil Oil. But a little library work or a call to your broker should help you get the additional information you need to decide whether these stocks are bargains or just cheap.

As a group, last year's 100 undervalued foreign issues were up more than 5%. That was not very good compared with the U.S. market, but it was excellent compared with other foreign stocks: Morgan Stanley's world index (excluding the U.S.) was up only 1%. This suggests contrarian investing strategies can be used globally.

Company/industry	Country	Recent price ($)	EPS 1989 ($)	EPS 1990E ($)	P/E	Yield (%)	Price/ book	Revenue ($mil)	Market value ($mil)
Arbed (Lux)/metals-steel	Belgium	153.52	70.95	40.06	2.2	4.7	0.9	5,634	1,112
Vallourec/machinery & eng	France	66.70	19.75	13.13	3.4	3.9	1.1	1,270	339
Repap Enterprises/forest products	Canada	5.97	1.51	0.78	4.0	4.0	0.6	1,032	311
Beazer/construction	United Kingdom	2.21	0.55	0.36	4.0	7.8	0.3	3,380	623
Free State Consolidated Mines/gold mines	South Africa	9.11	2.24	NA	4.1	2.7	0.6	1,412	1,070
NV DSM/chemicals	Netherlands	61.49	13.90	13.28	4.4	6.8	1.1	5,079	2,159
Banque Nat'l Belgique/banking	Belgium	944.30	212.62	158.58	4.4	6.0	0.6	NA	378
Hoogovens Groep/metals-steel	Netherlands	39.51	8.86	7.76	4.5	7.6	0.8	4,249	877
Peugeot Groupe SA/automobiles	France	144.39	32.29	39.73	4.5	2.9	1.4	23,981	7,209
Elkem/metals nonfer	Norway	44.21	9.21	3.26	4.8	3.5	1.5	1,474	614
Air Canada/airline	Canada	8.75	1.74	0.95	5.0	–	0.7	3,105	638
Trelleborg/industrial comp	Sweden	28.22	5.52	4.41	5.1	3.5	2.0	4,108	1,779
British Steel/metals-steel	United Kingdom	2.41	0.45	0.37	5.3	7.2	0.7	8,268	4,813
Jennings Industries/real estate	Australia	1.33	0.24	0.20	5.4	9.2	0.9	924	253
FAI Insurance/insurance	Australia	1.19	0.22	0.12	5.5	5.8	0.7	440	271
Industrial Equity/multi-industry	Australia	1.64	0.30	0.21	5.5	7.5	1.1	6,091	1,274
National Consolidated/industrial comp	Australia	2.11	0.38	0.41	5.6	13.5	1.1	385	363
DAF/machinery & eng	Netherlands	15.59	2.79	1.26	5.6	8.4	0.7	2,483	453
Pechiney/metals nonfer	France	58.58	10.35	9.36	5.7	6.7	1.3	13,867	2,960
Elders IXL/trading	Australia	1.43	0.25	0.18	5.7	10.5	1.0	10,338	3,143

Stock prices and earnings estimates were converted into U.S. dollars using exchange rates at May 31. Earnings and revenues for 1989 were converted using the average exchange rate for the previous 12 months at fiscal reporting date. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; FORBES.

Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

The 100 cheapest foreign stocks

Company/industry	Country	Recent price ($)	EPS 1989 ($)	EPS 1990E ($)	P/E	Yield (%)	Price/ book	Revenue ($mil)	Market value ($mil)
Amec/construction	United Kingdom	6.69	1.16	0.90	5.8	6.3	1.4	3,268	472
News Corporation Ltd/media	Australia	7.72	1.29	0.66	6.0	1.0	0.5	6,430	2,072
Thomson-CSF/aero & defense	France	22.35	3.71	4.05	6.0	8.0	1.0	5,281	2,485
Barratt Developments/construction	United Kingdom	2.85	0.47	0.32	6.1	10.5	1.1	1,007	513
Akzo/chemicals	Netherlands	61.90	10.10	10.93	6.1	6.8	1.2	8,835	2,759
Royal Bank of Scotland/banking	United Kingdom	3.02	0.49	0.47	6.2	5.6	1.0	5,485	2,268
Enso-Gutzeit/forest products	Finland	8.05	1.28	1.09	6.3	3.4	0.8	2,507	1,123
Westpac Banking/banking	Australia	3.81	0.60	0.54	6.3	9.2	0.8	10,475	4,168
David Jones/retailing	Australia	6.14	0.97	1.14	6.3	16.3	1.0	1,029	962
Svenska Handelsbank/banking	Sweden	19.08	2.99	3.10	6.4	3.5	1.9	5,428	2,627
Kingfisher Plc/retailing	United Kingdom	5.47	0.86	0.52	6.4	4.7	1.5	4,741	2,404
ICI Australia/chemicals	Australia	3.45	0.54	0.27	6.4	11.1	1.2	2,501	1,019
Alcan Aluminium/metals nonfer	Canada	22.62	3.58	2.20	6.4	4.9	1.1	8,839	5,033
Dofasco/metals-steel	Canada	19.63	3.02	1.38	6.5	5.6	0.8	3,301	1,289
Canadian Pacific Forest/bldg materials	Canada	27.74	4.23	1.66	6.6	2.5	0.9	2,449	1,219
Privatbanken/banking	Denmark	46.83	7.06	NA	6.6	3.3	0.8	NA	1,865
John Laing/construction	United Kingdom	4.73	0.71	0.65	6.6	6.1	1.2	2,235	410
British Aerospace/aero & defense	United Kingdom	9.06	1.36	1.27	6.7	5.6	0.6	14,897	2,327
Burton Group/retailing	United Kingdom	3.10	0.46	0.38	6.8	6.8	1.4	3,093	1,732
Lex Services/services	United Kingdom	4.40	0.64	0.58	6.8	7.8	1.2	3,279	410
Adelaide Steamship/multi-industry	Australia	3.92	0.57	0.60	6.9	14.1	1.2	334	1,217
Canfor/forest products	Canada	23.15	3.36	2.30	6.9	2.6	1.0	778	528
Amstrad/data processing	United Kingdom	1.07	0.15	0.08	7.0	3.0	1.2	1,074	610
Solvay Group/chemicals	Belgium	412.37	58.73	70.62	7.0	3.8	1.4	6,522	3,417
Noranda Forest/forest products	Canada	10.24	1.45	0.82	7.0	6.7	0.9	4,112	1,011
National Australia Bank Group/banking	Australia	4.96	0.70	0.71	7.1	9.4	1.0	7,464	4,657
Skandinavisaka Euskilda Banken/banking	Sweden	13.21	1.86	1.93	7.1	3.7	1.7	6,506	3,394
Electrolux Group/appliances	Sweden	39.80	5.50	4.94	7.2	5.1	1.1	13,169	2,892
Cookson Group/misc materials	United Kingdom	3.72	0.51	0.49	7.3	5.4	1.5	2,334	1,354
Brascan/multi-industry	Canada	17.92	2.45	1.97	7.3	5.0	1.0	NA	1,455
Donohue/forest products	Canada	8.53	1.16	0.79	7.4	4.8	0.8	541	274
Australian Consolidated Minerals/gold mines	Australia	1.15	0.16	0.15	7.4	2.0	1.2	122	224
Sovac-Credit Mobilier/financial svcs	France	132.34	17.55	19.79	7.5	5.5	1.0	NA	556
SG Warburg Group/banking	United Kingdom	7.05	0.93	0.80	7.6	4.8	1.4	NA	1,325
Abbey National/banking	United Kingdom	3.41	0.45	0.49	7.6	3.7	NA	NA	4,469
Granada/leisure	United Kingdom	4.19	0.54	0.48	7.8	6.6	1.5	2,766	1,263
GKN/machinery & eng	United Kingdom	6.49	0.82	0.79	7.9	6.9	1.5	3,467	1,670
Pioneer International/bldg materials	Australia	1.67	0.21	0.20	8.0	6.9	1.1	3,155	1,205
Caltex Australia/energy	Australia	1.84	0.23	0.25	8.0	–	1.2	1,965	332
T & N/industrial comp	United Kingdom	3.05	0.38	0.43	8.0	7.9	1.0	1,948	1,059

Stock prices and earnings estimates were converted into U.S. dollars using exchange rates at May 31. Earnings and revenues for 1989 were converted using the average exchange rate for the previous 12 months at fiscal reporting date. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

The 100 cheapest foreign stocks

			—EPS—						
Company/industry	Country	Recent price ($)	1989 ($)	1990E ($)	P/E	Yield (%)	Price/ book	Revenue ($mil)	Market value ($mil)
MacMillan Bloedel/forest products	Canada	15.47	1.92	1.27	8.1	4.4	1.2	2,765	1,587
Rhône-Poulenc Group/chemicals	France	79.27	9.77	10.73	8.1	7.4	1.2	11,452	3,833
Hoechst Group/chemicals	Germany	169.46	20.21	22.32	8.4	7.1	1.6	24,413	9,595
Fletcher Challenge Canada/forest products	Canada	14.40	1.70	0.50	8.5	4.7	1.1	1,185	863
Volvo Group/automobiles	Sweden	75.03	8.81	7.19	8.5	3.4	1.1	14,115	4,374
Crédit Lyonnais/banking	France	151.55	17.71	20.61	8.6	4.0	1.1	24,003	4,222
BASF Group/chemicals	Germany	174.11	20.21	22.64	8.6	6.9	1.3	25,328	9,923
DFDS/shipping	Denmark	571.87	64.71	41.51	8.8	1.6	1.6	615	229
Bayer Group/chemicals	Germany	174.40	19.68	22.07	8.9	6.9	1.3	23,031	11,144
Thyssen Group/metals-steel	Germany	168.51	18.71	19.73	9.0	5.5	2.0	18,308	5,293
Rio Algom/misc materials	Canada	17.71	1.94	1.69	9.1	5.1	1.1	1,444	774
Power Corp of Canada/multi-industry	Canada	13.12	1.42	1.40	9.2	3.9	1.0	227	1,504
Hees Intl Bancorp/financial svcs	Canada	21.34	2.28	2.57	9.4	3.8	1.3	515	1,690
Sears Canada/retailing	Canada	10.03	1.04	0.94	9.7	2.0	1.0	3,853	857
Enimont/chemicals	Italy	1.19	0.12	0.11	9.7	–	NA	11,185	5,040
Rieter Holding/machinery & eng	Switzerland	1,111.11	111.86	NA	9.9	5.7	0.6	1,149	431
Caffaro/chemicals	Italy	1.09	0.11	0.12	10.1	3.7	1.4	447	297
BCE/telecomm	Canada	33.82	3.30	3.35	10.2	6.4	1.3	14,089	10,234
Volkswagen Group/automobiles	Germany	354.41	31.54	37.89	11.2	2.9	1.6	34,760	11,358
Baltica Holding/insurance	Denmark	138.13	11.63	10.08	11.9	0.9	1.1	775	1,830
Neptune Orient Lines/shipping	Singapore	1.06	0.08	0.07	12.7	2.5	0.8	678	487
United Overseas Bank/banking	Singapore	3.00	0.22	0.16	13.5	2.2	1.8	NA	1,660
EVN Energie-Versorgung/utilities	Austria	753.77	45.90	54.62	16.4	1.8	2.0	566	716
Matsushita Elect Indl/appliances	Japan	14.26	0.79	0.78	18.0	0.6	1.6	42,030	29,655
Fuji Photo Film/leisure goods	Japan	27.26	1.46	1.37	18.6	0.3	2.3	6,902	11,544
Toyota Motor/automobiles	Japan	16.55	0.88	0.85	18.9	0.8	2.0	61,052	50,477
Honda Motor/automobiles	Japan	11.76	0.58	0.63	20.1	0.8	1.7	26,970	11,366
Leykam-Murztaler Papier/forest products	Austria	54.44	2.36	4.56	23.1	1.8	2.4	605	534
Hitachi Ltd/elec & electron	Japan	10.25	0.43	0.48	23.7	0.6	2.0	49,557	33,066
Nissan Motor Co/automobiles	Japan	7.95	0.32	0.38	24.5	1.2	1.8	39,525	19,941
Mitsubishi Electric/elec & electron	Japan	6.54	0.25	0.23	26.0	0.9	3.3	20,839	13,960
Sony/appliances	Japan	56.63	2.17	2.26	26.1	0.6	2.1	20,163	18,797
Oji Paper Co/forest products	Japan	7.82	0.30	0.27	26.4	0.7	3.3	4,488	4,750
Royal Co/leisure	Japan	16.42	0.62	0.50	26.5	0.8	2.3	551	668
Orient Corp/financial svcs	Japan	8.93	0.33	0.30	26.9	0.9	2.2	NA	3,048
Gakken/media	Japan	13.47	0.49	NA	27.4	0.7	2.3	1,169	1,352
Best Denki/retailing	Japan	13.07	0.47	0.45	27.7	1.3	3.2	1,426	1,589
House Food/food, household products	Japan	14.45	0.50	0.48	28.7	0.8	2.4	1,078	1,492
Austrian Airlines/airline	Austria	403.69	13.53	12.90	29.8	1.5	2.3	422	1,020
Denny's Japan/leisure	Japan	24.44	0.81	0.80	30.2	0.6	3.3	501	654

Stock prices and earnings estimates were converted into U.S. dollars using exchange rates at May 31. Earnings and revenues for 1989 were converted using the average exchange rate for the previous 12 months at fiscal reporting date. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.

Earnings estimates provided by the Institutional Brokers Estimate System (IBES), a service of Lynch, Jones & Ryan.

International giants with impressive statistics

HERE ARE SOME snapshots of the 500 largest publicly owned companies outside the U.S.:

- As a group, the Forbes foreign 500 companies' revenues total $5.2 trillion, or 13% more than their sales in 1988. By contrast, the 500 U.S. companies with the largest revenues grossed $3.2 trillion last year *(see* FORBES, *Apr. 30).*
- The Forbes foreign 500 employ 19.8 million people and earned aggregate profits of $165 billion. The Forbes U.S. Sales 500 employ 19 million and netted $158 billion.
- Based on market values from their respective national stock markets, the foreign companies are worth $3.4 trillion—that's 20.6 times earnings. The U.S. companies have an overall market value of $2.2 trillion, 13.9 times earnings.
- Of the foreign 500, Japan accounts for the most: 195. It is followed by the U.K., with 82; France, with 48; and Germany, with 37.
- One fact that merits reflection: The six largest companies in the world are all from Japan, but note that all six are trading companies: Their revenues represent values created by other companies further down on the production chain. The largest foreign company is Sumitomo Corp., with $158 billion in revenues and 13,000 employees. The largest U.S. company is General Motors, which has revenues of $127 billion and 775,000 workers. But comparing

The 25 largest public companies outside the U.S.

Company/business	Country	Sales ($mil)	Employees (thou)
Sumitomo Corp/trading	Japan	158,221	13.0
C Itoh & Co Ltd/trading	Japan	147,016	10.0
Mitsui & Co Ltd/trading	Japan	136,578	10.8
Marubeni Corp/trading	Japan	131,419	7.3*
Mitsubishi Corp/trading	Japan	129,689	32.0
Nissho Iwai Corp/trading	Japan	108,118	7.2
Royal Dutch/Shell/oil & gas	Holland	85,536	135.0
Toyota Motor Corp/automotive	Japan	61,052	91.8
Hitachi Ltd/multicompany	Japan	49,557	274.5
British Petroleum Co/oil & gas	UK	48,602	119.9
Toyo Menka Kaisha/trading	Japan	45,055	3.3
Nichimen Corp/trading	Japan	42,989	2.8*
Nippon Tel & Tel/communications	Japan	42,166	283.3
Matsushita El Ind/consumer electronics	Japan	42,030	198.3
Daimler-Benz Group/automotive	Germany	40,633	368.2
Nissan Motor Co Ltd/automotive	Japan	39,525	129.5
Kanematsu Corp/trading	Japan	39,219	2.7*
Fiat Group/automotive	Italy	38,044	289.3
Volkswagen Group/automotive	Germany	34,760	250.6
Siemens Group/electrical equipment	Germany	32,676	365.0
Unilever/food processing	Holland	31,256	300.0
Toshiba Corp/multicompany	Japan	29,757	125.0
Dai-Ichi Kangyo Bank/banking	Japan	29,628	18.5*
Nestlé/food processing	Switz	29,341	196.9
Tokyo Electric Power Co*/utility	Japan	28,636	39.6

*Not consolidated.

And 25 very large non-publicly-owned ones

Company/business	Country	Sales ($mil)	Employees (thou)
Nippon Life Ins/insurance	Japan	47,405[1]	14.5
Dai-ichi Mutual Life Ins/insurance	Japan	35,146[1]	16.5
Samsung Group[2]/multi-industry	Korea	34,663	176.9
Zenkyoren/insurance	Japan	32,777	0.8
Sumitomo Life Ins/insurance	Japan	31,414[1]	11.3
Renault Group/automobiles	France	27,347	174.6
Meiji Mutual Life Ins/insurance	Japan	24,916	7.9
Crédit Agricole/banking	France	22,537	73.7
Daewoo Group/multi-industry	Korea	20,067	91.1
Tengelmann Group/retailing	Germany	19,933	150.0
Asahi Mutual Life Ins/insurance	Japan	15,968[1]	9.0
Robert Bosch Group/automobiles	Germany	15,758[1]	165.7[1]
Mitsui Mutual Life Ins/insurance	Japan	15,269	32.0
Groupe Usinor Sacilor/metals-steel	France	15,203	95.8
Pemex-Petról Mexicanos/oil & gas	Mexico	15,064	164.7
Norinchukin Bank/banking	Japan	13,895	3.1
Kuwait Petroleum Corp/energy	Kuwait	13,056	15.4
Ruhrkohle/energy	Germany	12,447	124.8
Idemitsu Kosan Co Ltd/energy	Japan	11,605[1]	5.5
Krupp Group/metals-steel	Germany	9,415	65.2
Statoil Group/energy	Norway	9,244	11.0
Sunkyong Group/multi-industry	Korea	9,053	21.2
Neste Group/oil & gas	Finland	9,053	21.2
Vendex Intl Group/retailing	Holland	7,312	55.2
Bertelsmann/media	Germany	6,725	43.7

[1] Figures are latest available. [2] Some individual companies in the group are traded on the stock exchange.

the two is apples and oranges.

Once again we created our rankings with the help of the Morgan Stanley Capital International Perspective database, which supplied much of the raw data on foreign companies. Reflecting the globalization of world equity markets, Morgan Stanley's Geneva research organization now covers 2,468 publicly traded companies in 21 countries, and has become an invaluable resource.

The earnings estimates in the tables come from the international database of the Institutional Brokers Estimate System, a service of New York brokerage firm Lynch, Jones & Ryan. This operation brings together opinions from 2,900 analysts in 26 countries covering 5,500 companies. According to these forecasts, the three European countries expected to see the most earnings growth in 1990 are Norway, Ireland and Spain. Other international markets that look particularly hot, based on earnings forecasts, are Singapore, the Philippines and Indonesia. There are only three markets in which analysts are expecting something of an earnings decline this year: Denmark, the Netherlands and Taiwan.

Revenues, net income and assets are as of the latest available fiscal year. As is the common practice on Wall Street, we treated corporate earnings with fiscal dates of June 1989 or later as 1989 earnings. For example, as of its balance sheet date of Feb. 28, 1990, Ito-Yokado Co. Ltd. of Japan reported fiscal earnings of $1.01 a share. We consider these profits to be its 1989 earnings. For those firms that have not reported 1989 results we used the Institutional Brokers Estimate System forecast, if it was available, and marked the figure with an "E."

Income and balance sheet information was converted into U.S. currency using the 12-month average exchange rate as of the reporting date. Foreign assets were converted into dollars using the month-end exchange rate as of the fiscal date. Stock prices, market capitalization and 1990 earnings estimates were converted as of the May 31, 1990 exchange rate.

Are there big companies missing from our rankings? There are. France's Renault and Norway's Statoil, for example, are not ranked. Nor are West Germany's Tengelmann Group, Bosch Group, Krupp Group and Bertelsmann. The reason is that these businesses are either owned by their respective governments or owned privately. The Forbes foreign 500 consists of publicly owned companies whose equity is becoming increasingly liquid and available as the world's stock markets become networked together. On the bottom of page 318 we show the 25 largest public foreign corporations and, for comparison, the 25 largest nonpublic foreign companies.

An index begining on page 346 shows the page on which each of the international 500 companies can be found.

Australia

P/E 12 • Yield 6% • Market value $124 billion • Year to date price change –10%

The Australian stock market, in a slump since September 1989, has fallen by nearly 10% (in U.S. dollars) since January. Monetary policy remains tight: Short-term interest rates currently stand near 15%. Strength in the Australian dollar, while good news for inflation, may prove bad for exports. Contrarians might find opportunities here. Citing an average market P/E just over 12, Bryan Madden, director of research for Prudential-Bache in Australia, believes Australian stocks are currently undervalued.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
100	●**Coles Myer Ltd**/retailing	11,382	315	3,704	2,957	5.65	0.61	0.54	6.1	166.8
113	●**Westpac Banking**/banking	10,475	638	84,317	4,168	3.81	0.60	0.54	9.2	47.5
117	●**Elders IXL Ltd**/trading	10,338	546	7,587	3,143	1.43	0.25	0.18	10.5	33.7
154	●**Broken Hill Prop**/energy	8,602	849	14,968	10,457	7.14	0.64E	0.71	3.8	49.0
170	■**ANZ Banking**/banking	8,019	418	65,776	3,571	3.88	0.69	0.62	8.7	47.0
187	●**National Australia**/banking	7,464	632	59,115	4,657	4.96	0.70	0.71	9.4	35.4
209	●**Bond Corp Holdings**/multi-industry	6,921	–800	8,840	42	0.10	NA	NA	0.0	20.2
232	●**News Corporation Ltd**/media	6,430	405	14,404	2,072	7.72	1.29	0.66	1.0	30.9
249	■**Industrial Equity**/multi-industry	6,091	231	3,347	1,274	1.64	0.30	0.21	7.5	23.0
379	■**CRA Limited**/metals nonfer	3,940	514	6,364	5,376	9.29	0.81	0.80	4.8	21.1
402	●**Pacific Dunlop**/multi-industry	3,663	215	3,107	2,672	3.72	0.31	0.33	3.9	44.8
414	■**CSR Group**/multi-industry	3,487	314	4,135[1]	2,910	4.04	0.44	0.47	6.5	18.3
456	■**TNT**/trucking, RR	3,187	181	2,979	1,026	1.96	0.34	0.22	5.9	50.7
462	■**Pioneer Intl**/bldg materials	3,155	146	2,652	1,205	1.67	0.21	0.20	6.9	9.9
490	■**Boral Ltd**/bldg materials	2,958	246	2,572	2,304	2.72	0.29	0.31	6.5	22.0

●Sponsored ADR. ■Not sponsored. All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1] Figures are latest available. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Belgium

P/E 11 • Yield 5% • Market value $73 billion • Year to date price change –5%

The Brussels stock market is small but growing rapidly. During 1989 alone, 141 new securities were listed, bringing the total to almost 500. There are 155 foreign companies traded, including 35 from the U.S. Belgium has a favorable investment climate: Individual investors pay no capital gains taxes and corporations can be exempt if they hold a security for at least five years. And there are no specific restrictions on foreign investors. Most stocks are now traded through a new computerized trading system that went into effect in 1989.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS		Yield (%)	Employees (thou)
							1989 ($)	1990E ($)		
102	**Petrofina SA**/energy	11,268	554	10,305	7,443	343.64	25.02	29.58	4.6	23.6
192	**Générale Bank Group**/banking	7,373	65	68,119	1,843	143.18	11.08E	18.70	7.1	16.4[2]
221	**Delhaize "Le Lion"**/retailing	6,598	81	1,953	1,841	179.55	7.89	10.69	1.3	55.0
230	**Solvay Group**/chemicals	6,522	485	6,809	3,417	412.37	58.73	70.62	3.8	45.0
268	**Arbed SA (Lux)**/metals-steel	5,634	444	5,402	1,122	153.52	70.95	40.06	4.9	11.5
282	**GIB Group**/retailing	5,392	72	1,492[1]	1,220	39.29	2.32	2.77	2.7	31.4
294	**Bank Bruxelles Lambert**/banking	5,183	125	50,879	1,286	86.77	11.00	11.17	6.0	12.1[2]
311	**Cockerill Sambre SA**/metals-steel	4,771	391	5,215[1]	1,825	5.73	1.22	1.09	0.0	31.0
328	**Kredietbank NV**/banking	4,580	132	48,199	1,699	115.12	8.04	13.45	5.3	11.8

Canada

P/E 15 • Yield 4% • Market value $238 billion • Year to date price change –10%

After closely pacing the U.S. stock market from 1985 to 1989, Canada is now falling behind. With gold and resource stocks weak, the Canadian market lost 9.9% in U.S. dollars through May 1990. In contrast, the Wilshire index of U.S. issues is off 0.6%. Lloyd Atkinson, chief economist at the Bank of Montreal, sees the economy slowing to a 1% growth rate in 1990. He blames high interest rates, restrictive fiscal policy and the strong Canadian dollar. Another problem: uncertainty over whether the provinces will stick together.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS		Yield (%)	Employees (thou)
							1989 ($)	1990E ($)		
78	**BCE Inc**/telecomm	14,089	1,014	33,910	10,234	33.82	3.30	3.35	6.4	120.0
105	**Royal Bank of Canada**/banking	11,111	444	97,692	5,742	19.95	1.57	2.95	5.0	48.0
114	**Campeau**/real estate	10,439	–1,740	14,295[1]	77	1.74	–39.59	NA	0.0	120.0
135	**Canadian Imperial Bank**/banking	9,476	378	85,353	4,118	23.47	1.92	3.81	5.6	36.5
138	**Canadian Pacific Ltd**/multi-industry	9,308	629	16,454	5,977	18.78	1.98	1.49	4.2	75.6
143	**Bank of Montreal**/banking	8,962	43	67,217	2,573	22.83	0.03	3.84	7.9	33.7
145	**Alcan Aluminium Ltd**/metals nonfer	8,839	835	9,508	5,033	22.50	3.58	2.20	4.9	57.0
147	**George Weston Ltd**/retailing	8,834	127	3,067	1,528	33.07	2.53	2.81	1.8	56.0
177	**Noranda**/metals nonfer	7,735	373	12,130	3,140	16.75	1.85	1.41	5.1	59.0
195	**Bank of Nova Scotia**/banking	7,306	186	68,989	2,258	11.95	0.85	2.41	7.1	29.6
247	**Toronto-Dominion Bank**/banking	6,118	584	53,743	4,624	15.36	1.85	1.90	4.2	28.0
293	**Provigo Inc**/retailing	5,192	26	1,218	625	7.25	0.30	0.65	2.8	12.5
297	**Thomson Corp**/media	5,112	420	6,955	6,812	12.48	0.78	0.81	3.6	44.6
330	**Seagram Co Ltd**/bev & tobacco	4,508	711	10,213	8,169	86.00	7.37	8.04	2.3	17.6
337	**Great-West Lifeco**/insurance	4,476	92	16,316	893	11.31	1.17	1.37	3.8	6.0
357	**Oshawa Group Ltd**/retailing	4,185	59	804	939	26.67	1.78	2.01	1.4	22.8
367	**Nova Corp of Alberta**/utilities	4,088	157	6,825	2,136	7.15	0.54	0.38	6.2	12.7
370	**Hudson's Bay Co**/retailing	4,035	103	3,286	1,232	27.63	2.53	2.49	2.5	40.0
373	**John Labatt**/bev & tobacco	4,021	112	2,324	1,355	17.92	1.47E	1.73	3.5	16.0
377	**INCO**/metals nonfer	3,948	753	3,665	2,875	27.63	7.11	2.77	3.6	19.3

All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1]Figures are latest available. [2]Not fully consolidated. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Canada

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
405	**Imasco Ltd**/bev & tobacco	3,577	309	4,645	3,714	31.15	2.42	2.79	3.5	83.8
441	**Dofasco**/metals-steel	3,301	219	4,397	1,289	19.63	3.02	1.38	5.6	22.7
459	**Royal Trustco Ltd**/banking	3,178	224	34,398	1,581	12.70	1.44	1.57	4.8	8.7
461	**Natl Bank of Canada**/banking	3,170	27	28,896	931	7.79	0.05	1.58	7.9	12.3
465	**Crownx**/multi-industry	3,126	44	1,061	263	9.92	0.95	NA	3.4	30.7
471	**Air Canada**/airlines	3,105	126	3,551	638	8.75	1.74	0.95	0.0	23.2

France

P/E 13 • Yield 3% • Market value $358 billion • Year to date price change 6%

Measured by its capitalization of $358 billion, France's is the third-largest European stock exchange. Its futures market, MATIF, is among the largest in the world. The French stock market underwent major reforms in 1988 as Bourse membership was transferred from individuals to firms. Other financial institutions and corporations, both French and foreign, may now invest in French brokerage houses. Most trading in France is executed on a continuous basis between 10 a.m. and 5 p.m. through an electronic trading system.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
37	**Crédit Lyonnais**/banking	24,003	491	210,727	4,222	151.55	17.71	20.61	4.0	61.5
38	■**Peugeot Groupe SA**/automobiles	23,981	1,614	16,151[1]	7,209	144.39	32.29	39.73	2.9	158.1
39	●**Elf Aquitaine Group**/energy	23,510	1,129	33,181	13,685	122.92	10.14	15.07	4.5	78.0
42	**Générale d'Elec**/elec & electron	22,570	774	30,943	11,404	111.22	7.54	7.53	2.6	210.0
43	**Suez Group**/banking	22,538	636	125,163	9,702	81.52	5.37	7.46	2.2	75.0
46	**BNP Group**/banking	21,235	535	231,463	5,019	85.38	9.10	11.30	4.4	60.3
59	**TOTAL Française des Pétroles**/energy	16,911	346	15,276	4,496	123.79	9.52	11.89	4.2	41.2
61	**Société Générale**/banking	16,334	558	175,787	6,661	107.20	9.00	11.50	3.7	46.0
65	**Générale des Eaux**/services	15,470	287	18,663	8,918	475.77	15.83	20.69	1.9	154.0
72	**Paribas Group**/banking	14,316	541	138,668	7,893	115.76	9.58	11.01	2.7	26.5
79	**Pechiney**/metals nonfer	13,867	523	13,384	2,960	58.58	10.35	9.36	6.7	70.0
80	**GAN-Assur Nationales**/insurance	13,589	392	38,010	3,556	391.97	42.65	48.91	NA	26.0
95	**Carrefour Group**/retailing	11,577	185	5,279	4,093	640.77	29.00	38.25	2.5	46.6
98	●**Rhône-Poulenc Group**/chemicals	11,452	473	14,371	3,833	79.27	9.77	10.73	7.4	86.0
116	**Saint-Gobain**/misc materials	10,360	676	13,449	6,381	102.84	10.89	12.73	3.7	87.8
121	**UAP-Union des Assur**/insurance	10,107	536	35,385[1]	9,136	108.77	7.93	9.31	2.1	29.9
151	**Michelin Group**/industrial comp	8,661	384	11,021	2,344	22.37	3.74E	4.08	2.8	119.8
164	**Promodès Group**/retailing	8,128	136	2,580[1]	1,132	733.30	34.80	39.88	1.6	33.2
182	■**BSN-Groupe**/food, household	7,628	423	9,729	8,224	151.55	7.79	9.70	2.0	49.7
183	**Schneider SA**/machinery & eng	7,570	137	10,561[1]	2,659	190.31	11.73	12.26	1.7	75.0
193	**Bouygues Group**/construction	7,367	90	7,255	1,812	116.46	5.77	7.63	3.1	59.2
218	**AGF-Assur Générales**/insurance	6,730	403	25,207	4,605	209.34	18.31	21.82	1.7	17.8
239	**Crédit Commercial**/banking	6,229	110	45,603	1,850	41.99	2.50	3.04	2.2	12.3
276	**Casino Groupe**/retailing	5,494	NA	2,647	1,248	25.07	1.67	1.84	6.3	38.2
291	●**Thomson CSF SA**/aero & defense	5,281	413	18,107[1]	2,485	22.35	3.71	4.05	8.0	42.0
296	■**Groupe Bull**/data processing	5,129	–59	5,367	607	12.59	–1.41	NA	0.0	43.6
306	**CFAO-Fran de l'Afrique**/trading	4,888	47	3,783	1,219	103.54	4.11	6.57	2.9	31.3
309	**Crédit Foncier**/banking	4,822	85	53,127	2,366	246.18	8.81	20.24	3.5	3.5[2]
312	**Lafarge Coppée**/bldg materials	4,759	341	7,429	4,541	85.73	6.44	7.93	2.7	31.0

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Sources: Morgan Stanley Capital International Perspective; Forbes.
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The 500 largest foreign companies

France

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS		Yield (%)	Employees (thou)
							1989 ($)	1990E ($)		
329	**Hachette SA**/media	4,537	74	3,601[1]	1,404	71.41	3.76	3.84	1.4	31.0
335	**Dumez Group**/construction	4,485	89	4,006[1]	1,231	111.22	8.02	9.21	2.7	28.9
339	**Groupe Printemps**/retailing	4,446	82	2,740[1]	843	124.49	12.13	7.79	2.9	30.0
341	**L'Aire Liquide Group**/chemicals	4,428	283	5,265[1]	5,894	131.65	6.32	7.86	2.6	27.0
353	■**L'Oréal Group**/personal care	4,259	283	3,936	5,424	937.58	48.90	51.40	1.7	28.4
369	**SAE-Aux d'Enterprise**/construction	4,061	32	4,367	772	193.63	7.96	13.16	4.1	26.0
392	**Euromarché SA**/retailing	3,793	–9	1,466[1]	766	682.67	–8.31	5.74	0.0	20.4
394	**Docks de France**/retailing	3,789	37	1,406	790	696.64	33.54	45.43	2.4	21.1
403	**OCP-Off Comm Pharm**/chemicals	3,655	14	857	237	108.25	6.41	8.99	3.2	6.1
419	**MATRA**/aero & defense	3,462	95	4,471[1]	1,665	71.67	4.08	5.30	2.9	21.0
429	**Lyonnaise des Eaux**/services	3,390	114	5,067[1]	3,702	128.68	4.59	5.39	1.9	43.0
435	**GTM-Entrepose**/construction	3,354	18	3,581[1]	637	298.56	8.47	17.41	1.9	24.5
438	**CMB Packaging**/misc materials	3,341	177	4,409	2,771	36.84	2.12	2.82	2.6	33.7
450	**IMETAL**/metals nonfer	3,254	74	1,316	725	64.08	6.51	7.07	3.5	5.9
467	**Accor SA**/leisure	3,122	95	2,483[1]	3,221	176.34	5.59	7.16	1.9	66.0
477	•**LVMH**/bev & tobacco	3,078	460	5,467	9,888	813.62	35.89	45.94	2.0	13.3
480	■**Valeo**/industrial comp	3,063	147	3,143	1,344	109.47	11.95	15.57	2.2	34.2
482	**Chargeurs SA**/multi-industry	3,041	110	3,741	1,239	189.26	16.93	20.70	3.9	21.0
489	**HAVAS**/services	2,958	150	1,739[1]	3,942	118.73	3.95	5.08	1.3	9.4

Germany

P/E 17 • Yield 3% • Market value $369 billion • Year to date price change 4%

The reunification of the two Germanys will not be without setbacks. A surge of East German immigrants is straining the West German economy. And it could cost an estimated $500 billion to rebuild East Germany's infrastructure. Nevertheless, analysts expect West Germany's economy to continue to expand, and grow 4% over the coming year. West German firms like Volkswagen have already made deals with East Germany. Reflecting the prospects, the West German market's P/E is the second highest in Europe, after Austria.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS		Yield (%)	Employees (thou)
							1989 ($)	1990E ($)		
15	■**Daimler-Benz Group**/automobiles	40,633	3,420	36,952	22,498	482.85	27.13	32.07	2.3	368.2
19	■**Volkswagen Group**/automobiles	34,760	523	33,496	11,358	354.41	31.54	37.89	2.9	250.6
20	■**Siemens Group**/elec & electron	32,676	787	34,470	21,214	426.00	24.21	28.32	2.7	365.0
31	**VEBA Group**/utilities	26,174	672	20,362[1]	11,087	252.47	15.48	18.85	4.0	94.7
33	■**BASF Group**/chemicals	25,328	1,072	20,689	9,923	174.11	20.21	22.64	6.9	137.0
34	■**Hoechst Group**/chemicals	24,413	1,026	19,637	9,595	169.46	20.21	22.32	7.1	169.3
41	■**Bayer Group**/chemicals	23,031	1,108	21,284	11,144	174.40	19.68	22.07	6.9	170.2
47	■**RWE Group**/utilities	20,995	339	21,967	11,954	283.11	11.96	15.15	2.9	78.2
53	■**Thyssen Group**/metals-steel	18,308	408	11,179	5,293	168.51	18.71	19.73	5.5	133.8
58	**Allianz Worldwide**/insurance	16,932E	0	18,581[1]	24,888	1,508.37	30.62E	37.15	0.7	43.1
63	■**Deutsche Bank Group**/banking	15,745	699	202,606	18,962	458.99	23.33E	29.17	2.8	56.6
77	**BMW-Bayer Motoren**/automobiles	14,104	297	12,186	5,526	350.87	18.78	34.37	3.3	66.3
91	■**Mannesmann Group**/machinery & eng	11,877	246	9,553	6,058	209.46	12.77	14.83	3.5	125.8
110	**Metallgesellschaft**/multi-industry	10,758	76	4,868	2,812	370.02	12.07	14.59	2.5	24.5

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Sources: Morgan Stanley Capital International Perspective; Forbes.

Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

Germany

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
118	■**Dresdner Bank**/banking	10,299	335	145,423	8,538	244.52	14.71E	17.46	4.5	36.9
140	**M A N Group**/machinery & eng	9,188	128	7,712	4,115	284.00	10.52	14.60	2.6	62.0
149	**Preussag Group**/multi-industry	8,700	149	7,626	3,763	266.32	14.41	19.36	2.8	65.7
160	■**Commerzbank**/banking	8,264	296	112,825	4,096	163.50	11.20E	13.61	5.1	27.6
179	**Degussa AG**/misc materials	7,675	93	3,549	2,009	275.16	16.57	18.28	3.7	33.7
206	■**Deutsche Lufthansa**/airlines	6,944	58	7,234	3,018	101.05	3.32E	3.84	3.6	51.9
207	**Münchener Rück** [1]/insurance	6,935	32	16,446	8,579	1,349.28	15.91	15.85	0.7	1.7
208	**Kaufhof**/retailing	6,924	47	2,791	3,200	382.10	8.51	11.16	2.0	44.2
211	**Karstadt Group**/retailing	6,893	74	2,766[1]	2,876	399.48	8.74	12.93	2.3	67.2
223	**Co op AG**/retailing	6,577[1]	NA	NA	NA	NA	NA	NA	0.0	42.6
227	■**Bayer Vereinsbank**/banking	6,535	148	102,256	3,133	219.77	18.35E	21.15	5.4	15.0
243	**Henkel Group**/food, household	6,191	193	5,030	5,058	360.00	16.49	20.92	2.3	38.1
256	**Bayer Hypotheken**/banking	5,913	151	90,129	3,659	221.54	19.50E	22.57	5.4	11.9[2]
267	■**Hoesch Group**/metals-steel	5,680	38	5,124	1,475	207.40	19.15	22.98	4.4	44.5
273	**VIAG Group**/multi-industry	5,550	141	7,023	3,813	241.57	15.00	19.07	3.0	34.7
302	**Feldmühle Nobel**/misc materials	5,057	86	4,075	2,426	303.21	12.23	15.24	3.0	35.4
303	**Asko**/retailing	4,973E	67E	1,971[1]	1,785	540.30	23.94	30.47	2.5	93.0
338	■**Continental Group**/industrial comp	4,458	121	3,184	1,528	175.58	13.83	16.50	4.2	47.5
356	**Philipp Holzmann AG**/construction	4,186	78	1,352[1]	2,500	889.70	12.31E	16.75	1.0	28.4
444	**VEW-Vereinigte Elek**/utilities	3,276	81	6,049	2,634	131.69	6.05	7.07	4.2	8.1
470	**Schering Group**/personal care	3,109	120	3,622	2,791	469.60	21.81	25.30	2.5	25.3
497	**Hochtief**/construction	2,906	42	2,563	3,903	780.70	12.35E	18.43	1.2	26.2
500	**Linde AG**/machinery & eng	2,900	96	2,653	3,389	588.03	22.34	28.11	2.2	15.1

Italy

P/E 15 • Yield 3% • Market value $186 billion • Year to date price change 7%

Italy has only about 240 investor-owned companies, representing about 7% of Europe's total market value. However, the capitalization of the Italian market, currently $186 billion, has increased 50% from last year. Italy's financial center is in Milan. There are relatively few individual investors, and most trading activity occurs off the exchange floor. In the first quarter inflation declined to an annual rate of 6.2%, allowing monetary policy to be eased: In May the discount rate was cut from 13.5% to 12.5%.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
18	■**Fiat Group**/automobiles	38,044	2,412	40,492[1]	17,850	8.56	1.03	1.26	3.5	289.3
84	■**STET**/telecomm	12,920	988	37,430[1]	9,153	5.17	0.39E	0.49	3.1	116.2
89	**Ferruzzi Group**/multi-industry	12,076E	227	24,854	3,298	2.55	0.16	0.22	1.4	44.5
94	**Generali Group**/insurance	11,629E	473	28,390	18,663	35.21	0.78E	0.95	0.8	21.2
104	**EnimontSpA**/chemicals	11,185	522	14,153	5,040	1.19	0.12	0.11	5.8	52.7
202	**Pirelli SpA**/industrial comp	7,007	172	8,637[1]	2,334	2.38	0.23E	0.25	3.7	70.3
222	**Olivetti Group**/data processing	6,582	148	10,892	3,331	5.84	0.25	0.43	3.7	56.9
409	**Alitalia**/airlines	3,516	–161	3,009[1]	1,055	1.40	–0.23	0.01	0.0	27.5
422	**SME**/food, household	3,437	71	1,975[1]	1,501	3.44	0.16	0.18	2.6	20.0

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The 500 largest foreign companies

Japan

P/E 44 • Yield 1% • Market value $3,428 billion • Year to date price change –22%

And you think Wall Street is volatile! In December 1989 Japan's market capitalization reached $4.1 trillion, more than five times its value in December 1985, thanks in big part to the dollar's devaluation against the yen. Then, in the first quarter of 1990, Japanese equities lost $1.2 trillion. Since then it has recouped 10% of its loss, but the Nikkei average (as of June 25, 1990) is still off 20% from its Dec. 1989 peak. In 1989 Americans invested another $3 billion in Japan; other foreigners sold $13 billion.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
1	**Sumitomo Corp**/trading	158,221	350	35,681	9,331	8.80	0.36	0.31	0.6	13.0
2	■**C Itoh & Co Ltd**/trading	147,016	246	48,156	8,904	6.25	0.17	0.19	0.5	10.0
3	●**Mitsui & Co Ltd**/trading	136,578	255	61,169	10,455	6.83	0.17	0.23	0.6	10.8
4	■**Marubeni Corp**/trading	131,419	235	51,889[1]	8,256	5.58	0.16	0.09	0.6	7.3[2]
5	■**Mitsubishi Corp**/trading	129,689	423	74,288	16,719	10.71	0.26	0.30	0.5	32.0
6	**Nissho Iwai Corp**/trading	108,118	129	28,077[1]	4,799	6.12	0.18	0.17	0.5	7.2
8	■**Toyota Motor Corp**/automobiles	61,052	2,634	49,639	50,477	16.55	0.87	0.85	0.8	91.8
9	●**Hitachi Ltd**/elec & electron	49,557	1,477	49,650	33,066	10.25	0.43	0.48	0.6	290.8
11	**Toyo Menka Kaisha**/trading	45,055[1]	47[1]	13,480[1]	3,690	5.52	0.09E	0.08	0.6	3.3
12	**Nichimen Corp**/trading	42,989	64	13,872[1]	2,237	5.29	0.15	0.16	0.6	2.8[2]
13	**Nippon Tel & Tel**/telecomm	42,166	1,917	72,655	118,881	762.05	12.29	9.69	0.4	283.3
14	●**Matsushita Electric**/appliances	42,030	1,652	49,944[1]	29,655	14.26	0.79	0.78	0.6	198.3
16	■**Nissan Motor Co Ltd**/automobiles	39,525	812	36,546	19,941	7.95	0.32	0.38	1.2	129.5
17	**Kanematsu Corp**/trading	39,219	61	11,144	1,312	6.35	0.30	0.29	0.8	2.7[2]
22	**Toshiba Corp**/elec & electron	29,757	924	32,960	22,926	7.23	0.29	0.29	0.8	125.0
23	■**Dai-Ichi Kangyo Bank**/banking	29,628	1,015	437,437	49,606	15.90	0.46	0.35	0.4	18.5[2]
25	**Tokyo Electric Power**[2]/utilities	28,636	518	77,645[1]	41,709	31.14	0.39	0.46	1.1	39.6
26	■**Sanwa Bank Ltd**/banking	27,587	1,134	388,980	45,632	15.77	0.39	0.37	0.4	13.6[2]
27	■**Mitsubishi Bank Ltd**/banking	27,019	998	354,290[1]	47,199	16.42	0.35	0.35	0.3	14.5[2]
28	●**Honda Motor Co Ltd**/automobiles	26,976	572	18,090	11,366	11.76	0.58	0.63	0.8	79.2
30	■**Sumitomo Bank Ltd**/banking	26,815[1]	1,620[1]	409,448[1]	55,854	17.74	0.47E	0.43	0.3	16.0[2]
35	●**NEC Corp**/elec & electron	24,113	597	23,435	20,465	13.47	0.39	0.36	0.4	114.6
44	■**Fuji Bank Ltd**/banking	22,353[1]	1,420[1]	367,187[1]	53,207	18.39	0.47E	0.36	0.3	15.0[2]
48	■**Mitsubishi Electric**/elec & electron	20,839	537	20,492[1]	13,960	6.54	0.25	0.23	0.9	85.7
49	**Nippon Steel Corp**/metals-steel	20,543[1]	609[1]	26,285[1]	28,193	4.09	0.12E	0.10	0.8	57.2[2]
51	●**Sony Corp**/appliances	20,163	720	27,800	18,797	56.63	2.17	2.26	0.6	95.6
55	■**Indl Bank of Japan**/banking	18,093[1]	653[1]	270,004[1]	67,661	28.77	0.30E	0.26	0.2	5.6[2]
56	■**Fujitsu Ltd**/data processing	17,852	607	18,902	17,406	9.66	0.34	0.39	0.6	115.0
57	**Mitsubishi Motors**/automobiles	17,043[1]	148[1]	11,337[1]	5,329	6.24	0.16E	0.15	0.6	37.9
60	**Mazda Motor Corp**/automobiles	16,804	164	9,960[1]	6,513	6.08	0.15	0.16	0.8	28.1[2]
62	**Mitsubishi Heavy**/machinery & eng	15,963	473	23,658[1]	23,509	7.03	0.14	0.19	0.7	56.2
64	■**Daiei Inc**/retailing	15,561	67	7,964[1]	5,641	14.58	0.17	0.19	0.7	16.4[2]
69	■**Mitsui Taiyo Kobe**[4]/banking	14,749[1]	608[1]	221,565[1]	49,840	15.11	0.29E	0.29	0.3	11.0[2]
70	**Kansai Electric** [2]/utilities	14,563	392	40,856[1]	24,821	25.62	0.41	0.39	1.3	24.7
73	■**Tokai Bank Ltd**/banking	14,290[1]	498[1]	240,083[1]	23,537	11.63	0.19	0.24	0.5	12.2[2]
74	■**Bank of Tokyo Ltd**/banking	14,246[1]	473[1]	199,962[1]	19,131	9.59	0.20E	NA	0.5	17.0
75	**Nippon Oil Co Ltd**/energy	14,226[1]	220[1]	13,465[1]	10,113	8.28	0.14E	0.12	0.5	9.7
81	**Toyota Tsusho Corp**/trading	13,359[1]	65[1]	5,427[1]	1,923	7.69	0.24E	0.21	0.6	1.8[2]
86	**Long-Term Credit Bk**/banking	12,762[1]	412[1]	184,688[1]	32,468	135.33	2.32E	1.94	0.4	3.5[2]
88	■**Bridgestone Corp**/industrial comp	12,242	70	11,436	8,073	10.51	0.09	0.17	0.8	93.2

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Sources: Morgan Stanley Capital International Perspective; Forbes.

Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Japan

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS		Yield (%)	Employees (thou)
							1989 ($)	1990E ($)		
90	**Chubu Electric Power[2]**/utiiities	11,973	301	30,276[1]	17,929	24.31	0.41	0.38	1.4	20.5
92	**•Ito-Yokado Co Ltd**/retailing	11,810	415	6,091	11,342	27.79	1.01	1.02	0.5	30.7
93	**■Taisei Corp**/construction	11,788[1]	130[1]	14,820[1]	9,565	9.39	0.20E	0.21	0.6	12.2[2]
101	**Sumitomo Trust**/financial svcs	11,307[1]	617[1]	116,630[1]	17,558	14.12	0.45E	0.40	0.4	6.8[2]
106	**Kawasho Corp[2]**/trading	11,079[1]	13[1]	5,436[1]	831	6.90	0.19E	0.17	0.6	1.5
107	**■Kajima Corp**/construction	11,062	200	12,859	12,557	13.14	0.21	0.24	0.6	16.0[2]
108	**■Mitsubishi Trust**/financial svcs	10,956[1]	634[1]	124,195[1]	18,555	14.26	0.46E	0.40	0.4	6.3[2]
109	**■NKK Corp**/metals-steel	10,759[1]	715[1]	20,197[1]	16,201	4.60	0.10E	0.10	0.7	23.4[2]
111	**Cosmo Oil Co Ltd**/energy	10,712	67	8,044[1]	3,834	6.77	0.12	0.08	0.5	3.1[2]
112	**Mitsui Trust & Bank**/financial svcs	10,579[1]	530[1]	186,445[1]	12,985	10.84	0.38E	0.33	0.5	6.5[2]
120	**Showa Shell Sekiyu**/energy	10,235	59	5,675	2,386	8.74	0.22	0.15	0.5	2.4[2]
122	**Shimizu Corp**/construction	10,104[1]	122[1]	13,033[1]	11,238	14.32	0.23	0.29	0.4	10.7[2]
123	**■Sanyo Electric Co**/appliances	10,022	123	14,180	12,653	6.64	0.07	0.07	0.8	55.5
124	**■Isuzu Motors Ltd**/machinery & eng	9,911	123	7,256	6,909	6.83	0.12	0.09	0.5	13.4[2]
127	**•Canon Inc**/leisure-goods	9,792	278	11,405	8,457	11.50	0.38	0.43	0.7	44.4
130	**Kobe Steel Ltd**/metals-steel	9,745[1]	199[1]	15,040[1]	11,813	4.19	0.06E	0.07	0.8	21.7[2]
132	**Nippon Express Co**/trucking, RR	9,592	121	5,928[1]	8,512	7.95	0.11	0.10	0.4	50.3[2]
133	**■Jusco Co Ltd**/retailing	9,586	109	5,609	4,611	14.98	0.33	0.38	0.8	23.3
134	**■Sumitomo Metal Ind**/metals-steel	9,535[1]	452[1]	14,843[1]	12,486	4.14	0.12E	0.12	0.8	20.6[2]
136	**■Nippondenso Co**/industrial comp	9,444	351	9,028	12,446	15.11	0.49	0.43	0.6	49.4
137	**■Sharp Corp**/appliances	9,416	292	12,930	12,676	12.02	0.28	0.29	0.6	34.0
144	**■Kawasaki Steel Corp**/metals-steel	8,896[1]	378[1]	13,339[1]	13,350	4.11	0.13E	0.12	0.8	18.4[2]
153	**■Yasuda Trust & Bank**/financial svcs	8,610[1]	476[1]	80,598[1]	13,360	12.74	0.43E	0.36	0.4	5.6
155	**■Japan Air Lines**/airlines	8,514[1]	157[1]	9,216[1]	19,922	117.59	1.43E	1.46	0.3	21.2[2]
158	**Seiyu Ltd**/retailing	8,273	54	7,548[1]	2,758	14.91	0.29	0.29	0.7	11.6[2]
161	**■Asahi Chemical Inds**/chemicals	8,262	299	7,602[1]	8,532	6.28	0.22	0.17	0.7	22.9
162	**■Nomura Securities**/financial svcs	8,199[1]	1,966[1]	34,935[1]	32,564	16.62	1.06E	0.70	0.6	15.0
165	**Mitsubishi Kasei[2]**/chemicals	8,122E	175E	10,778[1]	7,460	5.30	0.12	0.10	0.7	8.9[2]
167	**Kyushu Electric [2]**/utilities	8,100[1]	279[1]	22,242[1]	9,780	20.89	0.43E	0.36	1.6	14.6
168	**Tohoku Electric[2]**/utilities	8,061[1]	257[1]	17,160[1]	10,618	21.35	0.46E	0.37	1.5	13.7
173	**■Asahi Glass Co Ltd**/misc materials	7,922	428	8,551	15,153	13.01	0.37	0.35	0.5	9.3[2]
174	**■Kumagai Gumi Co Ltd**/construction	7,912E	70E	14,111[1]	5,477	8.08	0.13	0.13	0.7	8.4[2]
175	**Nichii Co Ltd**/retailing	7,862	101	5,697	4,244	15.50	0.35	0.39	0.8	15.4
181	**Taiyo Fishery Co**/food, household	7,632E	13E	3,395[1]	1,449	4.83	0.08E	0.09	0.4	13.5
184	**Nippon Credit Bank**/banking	7,559[1]	297[1]	119,811[1]	19,207	111.02	1.91E	1.80	0.4	2.4
186	**Dai Nippon Printing**/services	7,492	287	7,210[1]	10,015	13.40	0.38	0.38	0.5	20.8
188	**Mitsui Real Estate**/real estate	7,422	284	18,978[1]	10,624	13.34	0.36	0.37	0.5	8.0
189	**Ohbayashi Corp**/construction	7,399	84	10,239	8,491	11.43	0.25E	0.25	0.4	11.3
190	**Toyo Trust & Bank**/financial svcs	7,392[1]	370[1]	125,296[1]	9,736	12.42	0.40E	0.36	0.4	5.3[2]
194	**Takashimaya Co Ltd**/retailing	7,308	116	4,244[1]	4,338	19.84	0.53	0.61	0.3	8.0[2]
197	**Snow Brand Milk Prod**/food, household	7,165[1]	52[1]	3,077[1]	2,090	7.42	0.21E	0.19	0.6	8.2[2]
198	**■Toppan Printing Co**/services	7,134[1]	226[1]	5,964[1]	7,763	12.09	0.39E	0.36	0.5	10.9[2]
200	**■Mitsukoshi**/retailing	7,081	51	2,821[1]	6,061	12.61	0.11	0.12	0.3	11.6[2]
203	**■Sumitomo Electric**/industrial comp	7,002	186	5,768[1]	7,395	10.51	0.26	0.29	0.5	13.8[2]
210	**■Fuji Photo Film**/leisure-goods	6,902	619	9,281	11,544	27.26	1.46	1.37	0.3	18.2

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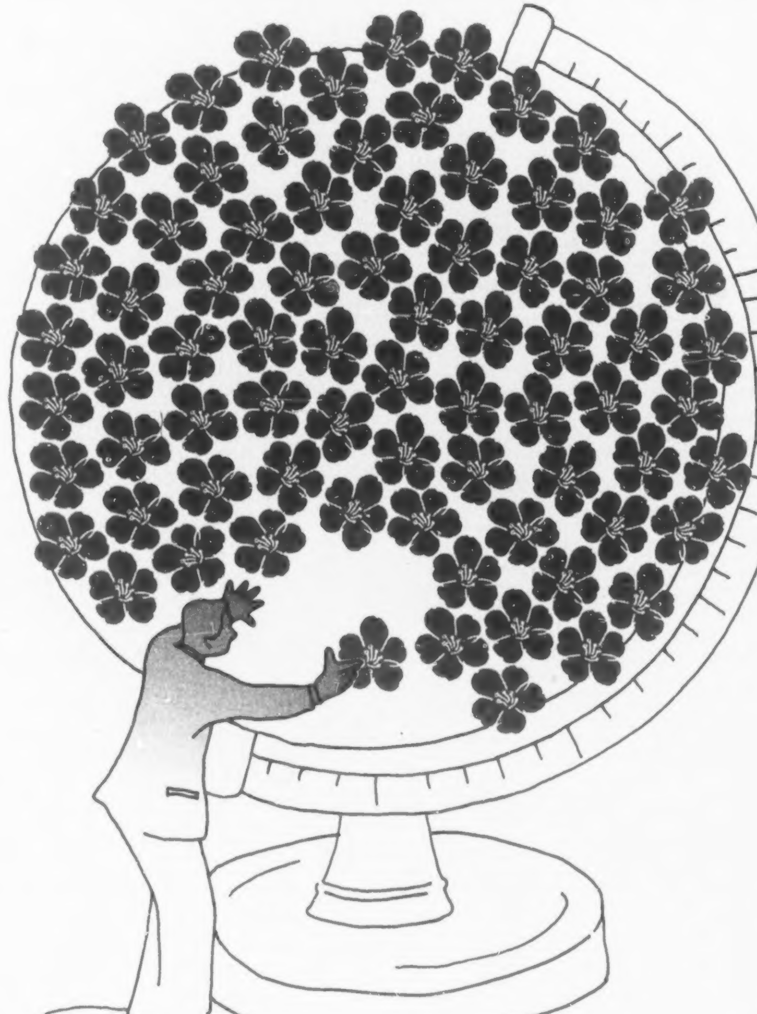

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1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
212	**Suzuki Motor Co Ltd**/automobiles	6,883	39	4,728[1]	2,414	5.91	0.10	0.16	0.8	13.3[2]
215	●**Tokio Marine & Fire**/insurance	6,839[1]	725[1]	58,126[1]	15,927	10.31	0.22E	0.20	0.5	11.0[2]
216	**Kawasaki Heavy**/machinery & eng	6,830[1]	91[1]	7,531[1]	8,832	6.64	0.08E	0.08	0.5	17.0[2]
217	**Sumitomo Chemical Co**/chemicals	6,821	254	7,516	7,617	4.70	0.16	0.14	0.8	12.5
219	**Nippon Mining Co Ltd**/energy	6,728[1]	107[1]	7,086[1]	6,112	6.90	0.09E	0.07	0.5	5.4[2]
226	■**Matsushita Elec Work**/elec & electron	6,545	233	6,009	8,258	13.66	0.39	0.38	0.6	15.2[2]
228	**Daiwa Bank Ltd**[2]/banking	6,530[1]	305[1]	162,915[1]	14,240	10.05	0.24E	0.20	0.5	8.7
233	■**Kyowa Bank Ltd**[2]/banking	6,407[1]	281[1]	105,112[1]	10,896	8.34	0.18	0.21	0.6	7.9
234	■**Sekisui House Ltd**/construction	6,389	260	7,095[1]	7,568	13.20	0.45	0.49	0.9	10.0[2]
236	■**Daiwa Securities Co**/financial svcs	6,371E	1,225E	38,983[1]	14,965	11.17	0.39	0.53	0.8	9.4
238	**Chugoku Electric**[2]/utilities	6,245[1]	242[1]	16,342[1]	7,636	21.02	0.44E	0.35	1.6	11.4
241	●**Komatsu Ltd**/machinery & eng	6,210	191	8,550[1]	7,940	8.01	0.19	0.21	0.7	21.6
242	■**Saitama Bank Ltd**[2]/banking	6,203[1]	226[1]	96,956[1]	9,565	9.46	0.26E	0.26	0.5	7.8
245	**Ishikawajima-Harima**/machinery & eng	6,128[1]	104[1]	8,598[1]	10,236	7.88	0.09E	0.09	0.3	15.4[2]
257	■**Toray Industries**/chemicals	5,910	283	7,324[1]	7,659	5.52	0.20	0.14	0.9	26.2
259	●**Ricoh Co Ltd**/data processing	5,846	111	5,290	4,773	7.42	0.17	0.23	0.9	37.0
260	**Yasuda Fire & Marine**[2]/insurance	5,799[1]	128[1]	21,166[1]	6,819	7.69	0.13	0.13	0.6	10.8
261	**Itoman & Co Ltd**/trading	5,775[1]	47[1]	9,110[1]	1,566	8.87	0.25E	0.24	0.5	1.4[2]
262	**Daimaru**/retailing	5,759	29	2,527[1]	2,571	9.53	0.11	0.10	0.3	7.2[2]
264	●**Kubota Ltd**/machinery & eng	5,748	53	6,303[1]	10,361	7.36	0.04	0.09	0.6	15.7[2]
265	**Kinki Nippon Railway**/trucking, RR	5,699[1]	120[1]	8,432[1]	10,994	7.23	0.09E	0.07	0.5	11.5[2]
266	**Tokyo Gas Co Ltd**/utilities	5,684[1]	315[1]	7,151[1]	15,154	5.39	0.08E	0.07	0.6	12.8[2]
269	**Dainippon Ink & Chem**/chemicals	5,622	57	5,626[1]	3,787	4.82	0.07	0.07	0.8	20.1
272	■**Furukawa Electric**/industrial comp	5,567[1]	91[1]	4,985[1]	4,181	6.40	0.15E	0.13	0.6	7.1[2]
275	**Mitsubishi Metal**/metals nonfer	5,525	106	5,539[1]	4,176	6.08	0.16	0.14	0.6	7.2[2]
281	**Hanwa Co Ltd**[2]/retailing	5,405	154	35,777[1]	9,638	25.56	0.41	0.42	0.3	1.2
283	**Fuji Electric Co Ltd**/elec & electron	5,384	97	5,445[1]	5,171	7.29	0.14	0.13	0.6	12.8[2]
284	**Daihatsu Motor Co**/automobiles	5,364	10	3,613[1]	2,286	5.37	0.10E	0.11	0.7	18.6
285	**Takeda Chemical Ind**/personal care	5,356[1]	303[1]	6,715[1]	10,088	11.56	0.37E	0.30	0.6	13.7
286	**Chori Co Ltd**/trading	5,355[1]	11[1]	3,043[1]	572	7.09	0.16E	0.14	0.5	1.5[2]
288	**Mitsubishi Oil Co**/energy	5,317[1]	68[1]	4,363[1]	2,902	8.41	0.1[illegible]E	0.13	0.4	2.4[2]
289	**Toshoku Ltd**/trading	5,315	18	3,479	1,227	11.23	0.17	0.18	0.3	0.6[2]
292	**Toyo Seikan Kaisha**/misc materials	5,239[1]	182[1]	3,921[1]	4,252	25.29	1.21E	1.12	0.2	6.4[2]
298	**Hokkaido Takushoku**/banking	5,108	139	75,585	7,393	7.95	0.15	0.16	0.5	6.6[2]
300	■**Nippon Yusen Kaisha**/shipping	5,068[1]	23[1]	7,430[1]	7,340	6.41	0.04E	0.05	0.4	2.0[2]
301	■**All Nippon Airways**/airlines	5,059	106	6,503[1]	15,435	11.23	0.08	0.09	0.3	12.3[2]
304	**Sekisui Chemical**/bldg materials	4,904[1]	179[1]	4,286[1]	5,462	10.18	0.42E	0.40	0.5	5.4[2]
305	■**Hino Motors**[2]/machinery & eng	4,901	69	2,127[1]	2,632	7.36	0.19	0.17	0.5	8.3
315	**Tonen Corp**/energy	4,726	184	4,758	7,051	10.91	0.31	0.27	1.5	2.3
319	**Osaka Gas Co Ltd**/utilities	4,654[1]	260[1]	6,361[1]	11,785	4.67	0.07E	0.06	0.7	9.5[2]
322	■**Fuji Heavy Inds**/automobiles	4,630	–42	5,522[1]	2,604	4.47	–0.07	0.03	1.2	15.8[2]
324	**Nippon Meat Pack**/food, household	4,620[1]	90[1]	2,727[1]	2,487	12.09	0.48E	0.43	0.7	14.8
325	**Aisin Seiki Co Ltd**/industrial comp	4,600[1]	94[1]	3,101[1]	2,855	10.58	0.39E	0.36	0.7	9.8[2]
326	■**Kirin Brewery Co Ltd**/bev & tobacco	4,598	222	8,310	12,577	12.55	0.22	0.22	0.4	8.0[2]
327	■**Kanebo Ltd**/textile,apparel	4,594	9	4,787[1]	2,483	5.00	0.06E	0.06	0.7	8.1[2]

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The 500 largest foreign companies

Japan

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
331	**Ube Industries Ltd**/misc materials	4,506[1]	152[1]	6,342[1]	4,018	4.83	0.08E	0.07	0.7	7.3[2]
333	■**Oji Paper Co Ltd**/forest products	4,488	180	5,074[1]	4,750	7.82	0.30	0.27	0.7	5.5[2]
336	**Uny Co Ltd**/retailing	4,477	64	2,921[1]	2,556	14.19	0.36	0.39	0.8	14.0
342	■**Bank of Yokohama Ltd**[2]/banking	4,426[1]	158[1]	82,484[1]	9,208	8.67	0.17E	0.16	0.4	6.6
344	■**Daiwa House Ind**/construction	4,382	175	4,613	7,361	15.70	0.50	0.54	0.5	8.5
346	■**Kao Corp**/food, household	4,341	125	4,031[1]	5,506	10.77	0.24	0.27	0.5	6.5[2]
347	**Oki Electric**/elec & electron	4,335	119	4,416	4,111	6.90	0.23E	0.20	0.7	13.8[2]
349	■**Teijin Ltd**/chemicals	4,319[1]	159[1]	6,298[1]	4,960	5.14	0.19E	0.17	0.9	11.0
352	■**Fujita Corp**/construction	4,272[1]	66[1]	8,379[1]	4,854	10.84	0.18	0.19	0.5	5.5
358	**Toda Construction Co**[2]/construction	4,181	86	4,656	3,323	14.58	0.37	0.34	0.4	[illegible].5
359	■**Nippon Suisan Kaisha**/food, household	4,155[1]	22[1]	2,316[1]	1,474	4.98	0.06E	0.05	0.7	3.5[2]
360	**Yamaha Motor Co Ltd**/leisure-goods	4,152	47	3,614[1]	1,845	8.01	0.20	0.19	0.5	7.4
361	**Showa Denko KK**/chemicals	4,117	54	4,456	5,521	5.32	0.05	0.10	0.7	5.1[2]
363	**Nippon Light Metal**/metals nonfer	4,116[1]	115[1]	3,562[1]	2,792	6.34	0.21E	0.17	0.5	4.3[2]
364	■**Marui**/retailing	4,115	194	4,440[1]	6,901	20.76	0.58	0.62	0.6	9.4[2]
371	**Shinsho Corp**[2]/trading	4,029[1]	3[1]	1,894[1]	635	8.08	0.09E	0.09	0.4	1.0
375	**Ajinomoto Co**/food, household	3,976[1]	123[1]	5,311[1]	9,015	13.93	0.21E	0.19	0.5	9.5
376	**Hazama Corp**/construction	3,954	37	4,036	3,248	10.12	0.12	0.16	0.5	4.9
380	**Nagase & Co Ltd**/trading	3,929[1]	53[1]	2,069[1]	1,309	8.67	0.36E	0.32	0.6	1.2[2]
381	■**Toyobo Co Ltd**/textile,apparel	3,922[1]	57[1]	3,724[1]	3,789	5.49	0.09E	0.08	0.6	8.2[2]
382	**Sumitomo Metal Minin**/metals nonfer	3,914[1]	105[1]	3,502[1]	5,352	10.71	0.25E	0.21	0.4	3.2[2]
385	**Jujo Paper Co Ltd**/forest products	3,890[1]	124[1]	4,332[1]	2,727	5.72	0.26E	0.18	0.8	4.5[2]
393	**Matsuzakaya**/retailing	3,789	67	1,620[1]	7,653	49.27	0.43	0.45	0.1	7.1[2]
397	**Daikyo**[2]/real estate	3,732	116	9,483[1]	3,998	21.74	0.63	0.78	0.7	2.4
399	**Mitsui Toatsu Chems**/chemicals	3,711[1]	126[1]	4,403[1]	3,781	4.99	0.19E	0.17	0.7	5.4[2]
400	**Haseko Corp**/construction	3,710	91	7,414[1]	3,737	8.74	0.21	0.24	0.8	2.6
401	■**Konica**/leisure-goods	3,695	16	3,880	3,657	10.25	0.09E	0.09	0.6	5.1[2]
404	●**Pioneer Electronic**/appliances	3,585	207	2,954	7,090	39.48	1.23	1.26	0.3	12.9
410	**Iwatani Intl Corp**/utilities	3,508[1]	20[1]	2,260[1]	1,724	7.29	0.10E	0.09	0.4	2.0[2]
411	**Yamaha Corp**/leisure-goods	3,494	43	3,439[1]	2,472	12.81	0.22	0.19	0.5	12.6[2]
413	**Tokyu Construction**/construction	3,487	24	3,980	1,724	8.87	0.13	0.10	0.6	6.3
416	**Mitsui OSK Lines Ltd**/shipping	3,485[1]	44[1]	5,638[1]	6,610	6.31	0.04E	0.05	0.4	1.7[2]
417	**Sumitomo Rubber**/industrial comp	3,472	48	3,116	1,591	10.25	0.34	0.31	0.5	4.9[2]
420	■**Nisshin Steel**/metals-steel	3,446[1]	244[1]	6,035[1]	6,576	6.47	0.26E	0.22	0.6	7.1[2]
421	**Sanyo-Kokusaku Pulp**/forest prods	3,446[1]	84[1]	3,209[1]	2,331	5.19	0.16E	0.12	0.9	7.7
426	**Toyota Automatic Loom**[2]/mach & eng	3,407[1]	101[1]	2,354[1]	5,631	20.04	0.44E	0.40	0.4	7.4
432	**Asahi Breweries Ltd**/bev & tobacco	3,363	28	8,206	5,049	12.68	0.09	0.19	0.3	6.9
433	**Isetan**/retailing	3,361E	58E	2,142[1]	5,615	25.62	0.25	0.27	0.3	5.6[2]
434	**Honshu Paper**/forest products	3,360[1]	30[1]	3,751[1]	5,599	16.55	0.09E	0.08	0.2	6.3[2]
436	**Hokkaido Electric** [2]/utilities	3,352[1]	179[1]	10,239[1]	4,624	21.48	0.48E	0.42	1.5	6.5
437	●**TDK**/electronic comp	3,347	162	3,768[1]	5,414	43.16	1.29	1.45	0.6	19.4
439	**Sankyo Co Ltd**/personal care	3,321[1]	110[1]	3,083[1]	6,083	17.01	0.32E	0.34	0.3	6.0[2]
445	**Nichirei**/food, household	3,274[1]	33[1]	1,746[1]	2,349	7.62	0.12E	0.11	0.5	2.5[2]
448	**General Sekiyu Group**/energy	3,257[1]	64[1]	2,259[1]	1,867	9.20	0.28E	0.10	0.0	1.4[2]
449	■**Taisho Marine & Fire**/insurance	3,255[1]	265[1]	26,323[1]	5,252	7.62	0.19E	0.17	0.6	6.9[2]

●Sponsored ADR. ■Not sponsored. All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1]Figures are latest available. [2]Not fully consolidated. E: Estimate. *Sources: Morgan Stanley Capital International Perspective; Forbes. Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).*

The 500 largest foreign companies

Japan

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
451	**Nagasakiya**/retailing	3,250	32	2,430[1]	4,191	28.77	0.22	0.18	0.3	4.9[2]
452	**Daido Steel Co Ltd**/metals-steel	3,228[1]	58[1]	3,074[1]	2,721	6.39	0.17E	0.15	0.6	7.7[2]
453	**Tokyu Dept Stores**/retailing	3,213	42	2,285[1]	3,284	11.96	0.16	0.16	0.4	4.6[2]
454	■**Shiseido**/personal care	3,193	80	3,977[1]	4,426	15.64	0.28	0.35	0.5	3.0[2]
458	**Tobishima**/construction	3,181[1]	27[1]	5,544[1]	2,707	11.76	0.13E	0.11	0.4	4.3
464	**Meiji Milk Prods**/food, household	3,134[1]	24[1]	1,320[1]	1,681	5.99	0.08E	0.07	0.7	5.7[2]
469	■**Yamazaki Baking**/food, household	3,110	72	1,863	2,648	12.02	0.33	0.30	0.5	14.3[2]
473	■**Nagoya Railroad**/trucking, RR	3,087[1]	55[1]	8,011[1]	5,286	6.96	0.08E	0.07	0.4	8.5[2]
474	**Seibu Railway Co Ltd**/trucking, RR	3,087[1]	44[1]	4,898[1]	15,656	36.13	0.08E	0.08	0.1	5.3[2]
478	■**Onoda Cement**/bldg materials	3,072[1]	92[1]	3,892[1]	2,748	5.93	0.19E	0.17	0.6	1.4[2]
479	**Itoham Foods**/food, household	3,067E	44E	1,699[1]	1,789	7.88	0.20	0.21	0.9	6.6[2]
484	**Mitsubishi Petrochem**/chemicals	3,011E	189E	4,080[1]	3,942	8.01	0.40E	0.38	0.7	3.0[2]
485	**Kandenko Co Ltd**[2]/construction	3,011	64	2,236[1]	2,650	25.10	0.61	0.66	0.2	9.0
486	**Shin-Etsu Chemical**/chemicals	2,976	194	3,548[1]	3,565	11.10	0.60	0.25	0.4	3.4
487	**Misawa Homes Co Ltd**/construction	2,972	63	2,734[1]	1,941	17.01	0.55	0.52	0.5	1.4[2]
488	**Maeda Corp**[2]/construction	2,962	47	3,378	2,307	13.47	0.27	0.26	0.4	4.4
491	**Hattori Seiko Co Ltd**/leisure-goods	2,955	13	2,539[1]	3,503	33.18	0.13	0.12	0.2	8.0
492	●**Kyocera**/electronic comp	2,948	237	3,949[1]	9,533	52.10	1.29	1.45	0.6	12.4[2]
494	■**Alps Electric**/electronic comp	2,939[1]	43[1]	2,933[1]	2,588	14.58	0.28E	0.25	0.7	14.2
499	■**Omron Corp**/elec & electron	2,900[1]	121[1]	2,767[1]	3,943	17.21	0.74E	0.67	0.5	15.6

Netherlands

P/E 9 ● Yield 5% ● Market value $120 billion ● Year to date price change –3%

The Netherlands market sells at the lowest P/E in Europe and has the third-highest dividend yield, after Spain and the U.K. The three largest Dutch firms are international powerhouses well known to U.S. investors. But where are the bargain hunters? In dollar terms the Amsterdam market has underperformed most European stock exchanges so far this year. Mark Edwards, of Rowe Price-Fleming in London, partly blames Dutch laws protecting entrenched managements, which make hostile takeovers virtually impossible.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
7	■**Royal Dutch/Shell**/energy	85,536	6,483	90,503	66,933[4]	76.40	7.54	7.33	5.2	135.0
21	●**Unilever**/food, household	31,256	1,532	20,720	22,081[5]	80.80	5.47	6.80	3.1	300.0
29	●**Philips Group**/appliances	26,972	646	28,708	4,992	18.05	2.34	1.83	5.8	304.8
119	**Nationale-Nederlanden**/insurance	10,264	459	48,494	5,658	38.36	3.11	3.76	4.1	25.2
146	■**Akzo Group**/chemicals	8,835	450	7,457	2,759	61.90	10.10	10.93	6.8	70.9
169	■**Ahold**/retailing	8,051	91	2,215	1,800	75.09	3.98	5.15	1.8	52.2
274	●**AEGON Insurance**/insurance	5,542	231	29,452	2,712	66.04	5.81	7.00	4.6	9.4
299	**NV DSM**/chemicals	5,079	488	5,061	2,159	61.49	13.90	13.28	6.8	29.5
317	**Schlumberger Ltd**/energy	4,686	420	5,482	13,873	58.37	1.77	2.37	0.0	46.0
340	**AMEV NV**/insurance	4,444	167	15,777	1,861	30.46	2.73	3.28	4.6	10.8
354	**Hoogovens Groep**/metals-steel	4,249	191	4,959	877	39.51	8.86	7.76	7.6	27.9
463	■**Heineken NV**/bev & tobacco	3,144	153	3,718	2,151	66.98	4.78	5.67	2.7	29.1
468	●**KLM**/airlines	3,113	75	4,900[1]	973	18.42	1.42	3.15	5.1	23.6[2]

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Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

Spain

P/E 12 • Yield 5% • Market value $117 billion • Year to date price change –4%

Inflation and resulting high interest rates have been persistent problems in Spain for the past few years, but Jose A. Cerezo, an analyst at Goldman, Sachs' London office, believes that Spain's inflation has peaked. The current inflation level is 6.8%. In hopes of cooling an overheated economy, the government is trying to limit spending. In local currency, Spain's equity market is down 2% from the end of 1989. But there is considerable optimism about Spain's economic future. Falling interest rates would fan that optimism.

							EPS			
1989 Rank	**Company/business**	**Revenue ($mil)**	**Net income ($mil)**	**Assets ($mil)**	**Market value ($mil)**	**Stock price ($)**	**1989 ($)**	**1990E ($)**	**Yield (%)**	**Employees (thou)**
129	•**Repsol SA**/energy	9,750	544	8,917	7,197	23.99	1.82	2.40	5.1	19.2
139	•**Banco Central Group**/banking	9,282	340	40,512	4,616	46.75	3.44	4.13	4.1	23.8
171	**Banco Bilbao-Vizcaya**/banking	7,988	815	69,987	7,012	30.36	3.36	4.83	4.6	30.9
251	•**Telefonica**/telecomm	6,006	582	24,854	7,215	7.80	0.63	0.77	6.7	71.3
321	•**ENDESA**/utilities	4,638	604	12,129[1]	5,855	22.52	2.32	3.00	4.2	15.8
350	•**Banco Santander**/banking	4,312	394	41,269	4,924	44.75	3.72	4.95	3.9	17.3
374	**Tabacalera**/bev & tobacco	4,004	NA	1,445[1]	1,321	35.87	2.63	3.41	2.7	8.5
390	**CEPSA**/energy	3,825	92	1,831	1,212	20.38	1.77	2.24	4.7	6.7
395	**Banco Hispano Amer**/banking	3,763	291	32,556	2,298	27.41	3.50	4.60	6.9	17.7

Sweden

P/E 14 • Yield 2% • Market value $126 billion • Year to date price change 5%

Sweden's small market (capitalization, just $126 billion) has been roiled by international partnerships. Asea, of Sweden, combined with Brown Boveri of Switzerland to form Asea Brown Boveri. Volvo has entered into a partnership with France's Renault Group. And General Motors has acquired a 50% interest in the automotive division of Saab-Scania. With trade barriers coming down, expect other well-known but relatively small Swedish companies to search out strong foreign partners.

							EPS			
1989 Rank	**Company/business**	**Revenue ($mil)**	**Net income ($mil)**	**Assets ($mil)**	**Market value ($mil)**	**Stock price ($)**	**1989 ($)**	**1990E ($)**	**Yield (%)**	**Employees (thou)**
76	•**Volvo Group**/automobiles	14,115	684	15,760	4,374	75.03	8.81	7.19	3.4	78.7
82	•**Electrolux Group**/appliances	13,169	400	10,164	2,892	39.80	5.50	4.94	5.1	152.9
205	**Saab-Scania**/machinery & eng	6,965	171	7,471	3,092	45.67	2.52	4.77	2.8	48.7
225	**Stora Group**/forest products	6,561	295E	8,877	3,199	53.01	5.09	5.81	3.7	53.3
231	**Skand Enskilda Bank**/banking	6,506	361	58,718	3,394	13.21	1.41	1.93	3.7	9.6
246	•**LM Ericsson**/elec & electron	6,127	337	6,560	8,247	201.27	8.20	10.85	1.1	69.2
280	**Svenska Handelsbanken**/banking	5,428	479E	44,218	2,627	19.08	2.99	3.10	3.5	6.7
295	**Nordbanken Group**/banking	5,140	349	50,117	2,439	14.19	2.03	2.20	3.4	5.1
323	**Skanska AB**/construction	4,623	213E	6,000	5,092	83.18	2.99	4.03	0.8	29.5
365	**Trelleborg AB**/industrial comp	4,108	360	4,786	1,779	28.22	5.52	4.41	3.5	26.4
386	•**SKF Group**/industrial comp	3,888	225	4,323	2,929	26.91	2.09	2.69	2.6	46.7
388	**SCA-Svenska Cellulosa**/forest products	3,862	288E	4,992	3,216	19.25	1.69	1.73	2.5	23.7
425	**Nobel Industrier**/aero & defense	3,426	146	4,567	1,439	15.98	1.57	1.73	4.1	22.0
455	**Procordia Group**/multi-industry	3,191	256E	3,125	2,716	24.63	2.30	2.64	1.7	27.8
495	**MoDo Group**/forest products	2,917	0	4,216	1,118	53.82	8.16	6.28	3.6	13.4
496	•**Sandvik AB**/metals-steel	2,916	357	3,625	2,644	48.61	6.57	6.44	2.5	26.9

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Sources: Morgan Stanley Capital International Perspective; Forbes.
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The 500 largest foreign companies

Switzerland

P/E 15 ● Yield 2% ● Market value $211 billion ● Year to date price change 10%

Thanks to a relatively strong Swiss franc, Swiss stocks rose 8.4% in dollar terms for the five months through May of this year. There is reason for the currency to be strong. Switzerland's inflation rate dropped from a seven-year high of 5% in March, to an annual rate of 4.6% in April. And the number of Swiss workers rose 1.7% in the first quarter of 1990. Swiss stocks are not cheap: The least expensive share in this group is Swiss Bank Corp., at $226 per share. The most expensive is Sandoz Group, which sells for $8,141.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
24	■**Nestlé**/food, household	29,341	1,473	22,897	22,666	6,306.78	400.38	517.92	2.2	196.9
50	**Asea Brown Boveri**/elec & electron	20,442	586	24,051	14,099[4]	4,245.28	129.28	283.30	1.0	189.5
87	**CIBA-GEIGY Group**/chemicals	12,597	952	16,870[3]	11,639	2,375.96	176.05	218.29	1.9	92.6
99	**Zurich Insurance**/insurance	11,406	218	37,059	5,444	3,319.36	237.57E	297.35	1.3	33.3
152	**Swiss Re Group**/insurance	8,626[1]	169[1]	23,464[1]	4,382	2,550.66	NA	NA	0.7	20.2
157	**Union Bank of Switz**/banking	8,292	551	113,870	11,650	2,501.75	124.70	254.53	3.8	21.2
166	**Swiss Bank Corp**/banking	8,119	458	105,076	7,321	226.42	13.07	27.42	4.3	18.3
178	**Winterthur Group**/insurance	7,732	159	24,361	3,809	2,858.14	201.66E	254.39	1.6	17.3
180	**Sandoz Group**/personal care	7,639	586	7,724	10,567	8,141.16	421.17	587.86	1.3	50.7
199	**CS Holding**/banking	7,115	479	88,926	7,115	1,715.58	126.53	218.88	4.5	17.5
253	**Roche Holding**/personal care	5,999	520	11,174	13,905	5,485.67	125.92	175.49	0.5	50.2
348	**Alusuisse-Lonza**/metals nonfer	4,331	284	3,925	1,838	943.40	136.31	140.22	2.2	25.5
368	**Jacobs Suchard Group**/food, household	4,077	168	3,134	2,929	4,944.10	275.68	364.89	3.0	16.0
384	**Sulzer Group**/machinery & eng	3,897	67	5,091	1,393	507.34	24.45	NA	1.5	33.9
398	**Adia Porteur**/services	3,723	123	787[1]	1,941	1,153.04	78.24	91.94	1.7	13.4
460	**Swissair Group**/airlines	3,174	103	4,328	1,405	751.22	51.50	57.51	3.7	19.3
493	**Bâloise Holding**/insurance	2,943	73	15,299	1,366	1,530.40	154.35	195.88	1.0	8.7
498	**Oerlikon-Bührle**/aero & defense	2,903	–25	5,514	1,046	744.23	–16.69	4.76	0.0	27.3

United Kingdom

P/E 12 ● Yield 5% ● Market value $838 billion ● Year to date price change 1%

London's computerized International Stock Exchange trades more shares than any other in Europe. Its trading volume fell slightly in 1989 as the U.K. market was hurt by anxieties over the economy, international interest rates and political uncertainty. After reaching a new high on Jan. 3, 1990, the London market is holding only a 1.5% dollar-denominated gain this year. The U.K. Treasury seems to be moving to make Britain a full member of the European Monetary System; this could reduce the pound's volatility, a plus for London stocks.

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
10	●**British Petroleum Co**/energy	48,602	2,860	50,758	29,495	5.53	0.52	0.44	6.2	119.9
32	●**Barclays Plc**/banking	25,571	741	204,861	10,631	6.73	0.48	1.15	6.5	116.5
36	●**National Westminster**/banking	24,067	382	186,559	9,426	5.94	0.25	0.97	6.4	113.0
45	●**Imperial Chemical** /chemicals	21,595	1,525	18,096	13,997	20.18	2.21	2.11	6.1	133.8
52	●**British Telecom**/telecomm	19,913	2,440	31,455	29,099	4.81	0.40	0.54	5.5	247.9
54	■**B.A.T Industries Plc**/bev & tobacco	18,199	1,922	18,552	17,961	12.11	1.20	1.27	5.5	116.6
66	**Lloyds Bank Group**/banking	15,459	–961	92,380	6,109	4.86	–0.79	0.78	6.1	84.7
67	**British Aerospace**/aero & defense	14,897	382	14,732	2,327	9.06	1.36	1.27	5.6	127.5
68	**Midland Group**/banking	14,882	–359	100,311	3,715	4.76	–0.46	0.75	8.5	60.2
83	●**Prudential Corp Plc**/insurance	13,070	451	62,791	6,876	3.71	0.25	0.25	5.6	40.0
85	●**British Gas Plc**/utilities	12,908	1,497	19,308[1]	15,534	3.65	0.36	0.46	6.4	80.0
96	●**Grand Metropolitan**/multi-industry	11,552	859	15,553	10,501	10.33	0.95	1.08	4.0	137.4

●Sponsored ADR. ■Not sponsored. All figures except per-share items are in millions of U.S. dollars. General note: Revenue, net income and 1989 EPS are converted at an average rate of exchange for the fiscal year; assets are converted at fiscal year-end rate. Revenue figures are for group or consolidated operations and exclude excise taxes and duties. For companies with January, February or March fiscal year-ends, 1989 figures are used unless noted. Market value is as of May 31, 1990. [1] Figures are latest available. [2] Not fully consolidated. [3] Based on current cost accounting. [4] Combined market value for Asea AB and Brown Boveri. Price, EPS and yield are only for Brown Boveri. E: Estimate. NA: Not available.

Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

United Kingdom

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
97	•BTR Plc/multi-industry	11,519	1,022	9,705	12,525	7.21	0.59	0.67	4.7	109.5
103	■J Sainsbury Plc/retailing	11,206	507	5,511	7,431	4.90	0.34	0.35	2.8	65.3
115	■General Electric Co/elec & electron	10,400[1]	902[1]	9,484[1]	9,590	3.51	0.36E	0.38	5.2	145.0
141	•Marks & Spencer Plc/retailing	9,068	629	5,673	10,058	3.72	0.24	0.27	3.8	50.9
142	Royal Insurance/insurance	9,004	148	28,390	3,847	7.93	0.31	0.20	7.2	30.0
148	■Tesco Plc/retailing	8,775	413	4,101	6,046	3.88	0.26	0.27	2.5	54.3
150	•Hanson Plc/multi-industry	8,678	1,371	17,593	19,207	4.02	0.35	0.35	5.0	89.0
159	British Steel Corp/metals-steel	8,263	912	9,327[1]	4,813	2.41	0.45	0.37	7.2	55.2
163	Dalgety Plc/food, household	8,161	128	2,352	1,304	5.84	0.58	0.60	6.6	22.5
172	•RTZ Corporation Plc/metals nonfer	7,923	964	11,674	9,391	9.55	1.03	1.01	4.3	77.6
176	•British Airways Plc/airlines	7,823	396	6,353	2,506	3.45	0.55	0.50	5.7	52.1
185	•Peninsular & Oriental/shipping	7,507	430	7,989	4,284	10.45	1.02	1.22	6.3	64.0
191	•Saatchi & Saatchi/services	7,379	–62	1,754	257	1.61	–0.39	Nil	12.5	18.3
201	•SmithKline Beecham/personal care	7,011	780	6,016	11,529	9.02	0.61	0.69	2.1	62.8
214	•Allied-Lyons Plc/bev & tobacco	6,872[1]	575[1]	9,259[1]	5,990	7.97	0.82E	0.86	4.8	81.4
220	Argyll Group Plc/retailing	6,700	264	2,406[1]	3,733	3.96	0.27	0.33	3.7	64.0
224	Sun Alliance Group/insurance	6,572	353	24,229	4,194	5.30	0.44	0.17	5.3	15.1[2]
237	General Accident Fire/insurance	6,297	212	16,612	3,951	18.53	1.07	0.60	6.0	15.7[2]
240	BICC Plc Group/industrial comp	6,218	190	3,079	2,019	7.41	0.75	0.82	5.7	46.0
244	Commercial Union /insurance	6,156	151	25,303	3,450	8.09	0.36	0.19	6.0	20.9
248	■Lonrho Group/multi-industry	6,103	279	5,719	2,620	4.23	0.46	0.43	8.5	102.6
250	•Hillsdown Holdings/food, household	6,047	244	2,845	2,346	4.43	0.52	0.54	3.6	40.6
252	■Ladbroke Group Plc/leisure	6,000	339	7,500	4,497	5.26	0.39	0.47	4.2	51.0
254	Legal & General/insurance	5,980	154	28,032	3,176	6.61	0.33	0.33	5.4	6.9[2]
255	■Thorn Emi Plc/appliances	5,954	328	4,367[1]	3,816	12.28	1.15	1.25	5.1	60.2
263	Standard Chartered/banking	5,749	–57	3,075	1,882	8.04	–0.25	1.32	9.7	28.0
270	■Bass Plc/bev & tobacco	5,619	627	7,609	6,441	18.22	1.83	1.83	3.7	90.1
271	Tarmac Plc/bldg materials	5,591	382	5,160	3,124	4.34	0.52	0.48	5.8	32.1
277	Royal Bk of Scotland/banking	5,485	249	44,595	2,268	3.02	0.49	0.47	5.6	26.5
278	•Trafalgar House Plc/multi-industry	5,460	362	4,107	2,747	5.45	0.73	0.73	7.5	27.8
279	Guardian Royal Exch/insurance	5,437	159	20,371	3,447	4.03	0.18	0.18	6.4	15.0
287	■Tate & Lyle Group/food, household	5,339	191	3,174	1,643	5.22	0.54	0.52	5.3	18.5
307	Rolls-Royce Plc/aero & defense	4,857	315	4,163	3,653	3.75	0.34	0.40	4.2	55.5
308	Inchcape Plc/trading	4,837	163	2,346	1,646	4.65	0.46	0.52	5.3	45.2
310	■Boots Co Plc/retailing	4,784[1]	370[1]	3,769[1]	4,776	4.88	0.41	0.43	4.7	70.0
313	Asda Group Plc/retailing	4,753	295	3,135	2,112	1.81	0.17E	0.18	5.9	31.1
314	Kingfisher Plc/retailing	4,741	376	3,285	2,404	5.47	0.86	0.52	4.7	57.2
316	Pilkington Plc/misc materials	4,714	289	4,409[1]	2,533	3.44	0.40	0.44	6.3	58.4
318	•Cadbury Schweppes/food, household	4,662	266	3,415	4,144	5.72	0.41	0.44	4.2	35.0
320	■Great Universal/retailing	4,653[1]	469[1]	5,827[1]	4,330	17.27	1.88E	1.85	4.2	33.8
334	■Assoc British Foods/food, household	4,487	304	4,084	3,016	6.73	0.68	0.77	3.7	53.0
343	•Glaxo Holdings Plc/personal care	4,409	1,180	5,378	19,643	13.17	0.79	0.90	4.2	28.7
345	■BET Plc/multi-industry	4,366	359	2,693	3,296	4.18	0.47	0.50	6.4	118.1

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Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

United Kingdom

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
351	STC Group Plc/elec & electron	4,275	289	2,888	2,526	4.50	0.52	0.54	5.5	36.3
355	RMC Group Plc/bldg materials	4,214	218	2,607	2,255	11.64	1.13	1.16	3.5	25.7
362	●Booker Plc/multi-industry	4,116	103	1,337	1,233	7.23	0.61	0.70	6.0	18.8
372	Trusthouse Forte Plc/leisure	4,024	331	6,154	3,652	4.66	0.42	0.46	4.6	92.9
378	■Unigate Group/food, household	3,945	117	1,610[1]	1,157	5.00	0.52	0.55	7.4	35.2
383	■BOC Group Plc/chemicals	3,905	387	4,507	4,365	9.36	0.84	0.89	4.2	37.9
391	United Biscuits/food, household	3,804	207	2,236	2,656	5.82	0.48	0.51	5.3	42.5
396	Cable & Wireless/telecomm	3,745	700	4,926[1]	9,791	9.14	0.45	0.60	2.0	29.4
406	Lucas Industries/industrial comp	3,566	244	2,984[2]	1,879	10.94	1.38	1.40	5.4	56.0
415	●Guinness Plc/bev & tobacco	3,486E	721	9,949	11,332	12.90	0.84	0.98	2.7	18.1
418	■GKN Plc/machinery & eng	3,467	210	2,829	1,670	6.49	0.82	0.79	6.9	36.7
424	■Hawker Siddeley/machinery & eng	3,432	202	3,187	2,196	11.12	1.03	1.16	5.0	41.6
427	■Sears Plc/retailing	3,405	272	4,359[1]	2,437	1.62	0.18	0.13	7.4	59.5
428	George Wimpey Plc/construction	3,394	143	2,849[1]	1,158	4.04	0.49	0.45	5.8	17.4
430	●Beazer Plc/construction	3,380	151	5,514	623	2.21	0.55	0.36	7.8	20.5
431	Smith (WH) Group Plc/retailing	3,367	98	1,245	1,143	5.80	0.49E	0.52	4.2	30.8
442	■Whitbread & Co Plc/bev & tobacco	3,283[1]	279[1]	5,515[1]	3,213	7.21	0.74E	0.82	4.6	54.2
443	Lex Service Plc/services	3,279	60	1,083	410	4.40	0.64	0.58	7.8	8.6
446	AMEC/construction	3,268	100	1,557	472	6.69	1.16	0.90	6.3	19.4
447	Berisford Intl Plc/trading	3,258	127	2,455	1,073	2.20	0.27	0.25	6.3	6.7
457	■Racal Electronics/aero & defense	3,185	189	2,868[1]	4,523	3.49	0.15	0.23	2.1	33.7
466	●Coats Viyella Plc/textile,apparel	3,122	132	2,892	1,074	2.05	0.25	0.24	9.8	63.6
472	●Burton Group/retailing	3,093	255	2,568	1,732	3.10	0.45	0.38	6.8	37.1
475	●Dixons Group/retailing	3,079	94	1,557	888	2.32	0.18E	0.17	4.7	18.5
476	■Courtaulds Plc[4]/chemicals	3,079	204	NA	2,244	5.69	0.52E	0.61	4.2	24.4
481	Harrisons & Crosfield/misc materials	3,053	150	1,790	1,845	2.70	0.26	0.28	6.9	29.0
483	Ranks Hovis McDougall/food, household	3,037	202	3,032	2,031	5.85	0.58	0.56	4.9	39.2

European

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS 1989 ($)	EPS 1990E ($)	Yield (%)	Employees (thou)
Austria										
407	Creditanstalt/banking	3,557	44	44,662	3,950	485.76	16.85	21.00	1.3	10.9
412	OMV AG/energy	3,492	128	3,544	1,759	879.40	56.90E	65.17	1.7	8.7
Finland										
213	Kesko Group/trading	6,882	110	3,459	1,151	12.75	1.22	1.54	3.7	7.7
290	●Oy Nokia/multi-industry	5,312	39	5,515	1,375	25.66	1.02	1.74	2.7	41.3
Norway										
131	●Norsk Hydro/energy	9,602	387	9,890	6,495	31.62	1.90	2.32	1.9	32.8

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Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

The 500 largest foreign companies

Far East

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS		Yield (%)	Employees (thou)
							1989 ($)	1990E ($)		
	Hong Kong									
408	■**Swire Pacific Ltd**/multi-industry	3,549	395	7,398	3,958	2.49	0.25	0.28	4.1	28.0
	Korea									
156	**Hyundai Corp**/trading	8,493	7	331	172	35.90	1.44	1.78	1.6	0.9
196	**Ssangyong Group**/multi-industry	7,207	173	11,574	3,665	34.91	1.59	5.17	3.1	20.9
235	**Bank of Seoul**/banking	6,372	90	51,224	2,103	17.52	0.87E	1.07	2.0	9.8
258	**Hyundai Motor Co**/automobiles	5,870	62	5,517	1,898	35.19	1.16	1.33	1.9	40.3
387	**Gold Star Co Ltd**/electronic comp	3,872	27	3,384	1,880	30.63	0.46	0.58	0.3	33.0
440	**Hyundai Eng & Const**/construction	3,313	103	4,609	1,689	40.46	2.47	0.77	0.8	56.0
	New Zealand									
229	●**Fletcher Challenge**/forest products	6,528	432	8,051	2,680	2.51	0.43	0.33	6.2	37.0
389	■**Brierley Investments**/multi-industry	3,860	165	5,031	1,977	1.03	0.12	0.13	5.9	33.0

South America

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS		Yield (%)	Employees (thou)
							1989 ($)	1990E ($)		
	Argentina									
204	**YPF-Yacimientos Pet**/energy	6,975	NA	12,164[3]	NA	NA	NA	NA	0.0	37.0
	Brazil[4]									
40	**Banco do Brasil**/banking	23,120	97[3]	82,694[3]	598	172.02	33.52	NA	0.8	134.3
71	**Banco Bradesco SA**/banking	14,491	354[3]	19,454[3]	230	13.72	21.26	NA	10.2	128.8
125	**Banco Itaú Group**/banking	9,812	248[3]	13,667[3]	259	47.48	45.19	NA	5.5	74.5
128	**BANESPA Group**/banking	9,765	219[3]	13,218[3]	41	3.49	NA	NA	10.7	37.9
366	**Unibanco Group**/banking	4,103	73[3]	5,779[3]	103	105.38	61.46	NA	7.8	28.7
423	**Petrobrás**/energy	3,434	160[3]	13,535[1,3]	2,225	2,103.92	NA	NA	0.0	59.3

Africa

1989 Rank	Company/business	Revenue ($mil)	Net income ($mil)	Assets ($mil)	Market value ($mil)	Stock price ($)	EPS		Yield (%)	Employees (thou)
							1989 ($)	1990E ($)		
	South Africa									
126	■**Barlow Rand Group**/multi-industry	9,800	358	5,935	2,676	14.46	2.13	1.79	4.4	159.8
332	■**So African Breweries**/bevs & tobacco	4,492	231	3,156	4,043	15.08	0.85	0.98	2.5	91.0

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Sources: Morgan Stanley Capital International Perspective; Forbes.
Earnings estimates provided by the International Edition of Institutional Brokers Estimate System (IBES).

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Ahold/Netherlands	169	336
Air Canada/Canada	471	323
Aisin Seiki Co Ltd/Japan	325	332
Ajinomoto Co/Japan	375	334
Akzo Group/Netherlands	146	336
Alcan Aluminium Ltd/Canada	145	322
Alitalia/Italy	409	328
All Nippon Airways Co Ltd/Japan	301	332
Allianz Worldwide/Germany	58	326
Allied-Lyons Plc/UK	214	341
Alps Electric/Japan	494	336
Alusuisse-Lonza Holding Ltd/Switzerland	348	340
AMEC/UK	446	342
AMEV NV/Netherlands	340	336
Arbed SA/Belgium	268	322
Argyll Group Plc/UK	220	341
Asahi Breweries Ltd/Japan	432	334
Asahi Chemical Industry Co Ltd/Japan	161	330
Asahi Glass Co Ltd/Japan	173	330
Asda Group Plc/UK	313	341
Asea Brown Boveri Group/Switzerland	50	340
Asko Deutsche Kaufhaus AG/Germany	303	328
Associated British Foods Plc/UK	334	341
Australia & New Zealand Banking Group/Australia	170	320
Baloise Holding Group/Switzerland	493	340
Banco Bilbao-Vizcaya SA/Spain	171	338
Banco Bradesco SA/Brazil	71	344
Banco Central Group/Spain	139	338
Banco do Brasil/Brazil	40	344
Banco Hispano Americano Grupo/Spain	395	338
Banco Itaú Group/Brazil	125	344
Banco Santander Group/Spain	350	338
BANESPA Group/Brazil	128	344
Bank Bruxelles Lambert/Belgium	294	322
Bank of Montreal/Canada	143	322
Bank of Nova Scotia/Canada	195	322
Bank of Seoul/Korea	235	344
Bank of Tokyo Ltd/Japan	74	329
Bank of Yokohama Ltd/Japan	342	334
Banque Nationale de Paris Group/France	46	323
Barclays Plc/UK	32	340
Barlow Rand Group/South Africa	126	344
BASF Group/Germany	33	326
Bass Plc/UK	270	341
Bayer Group/Germany	41	326
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Bayerische Vereinsbank Group/Germany	227	328
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Berisford International Plc/UK	447	342
BET Plc/UK	345	341
BICC Plc Group/UK	240	341
BMW-Bayerische Motoren Werke/Germany	77	326
BOC Group Plc/UK	83	342
Bond Corp Holdings Ltd/Australia	09	320
Booker Plc/UK	362	342
Boots Co Plc/UK	310	341
Boral Ltd/Australia	490	320
Bouygues Group/France	193	323
Bridgestone Corp/Japan	88	329
Brierley Investments Ltd/New Zealand	389	344
British Aerospace Plc/UK	67	340
British Airways Plc/UK	176	341
British Gas Plc/UK	85	340
British Petroleum Co Plc/UK	10	340
British Steel Corp/UK	159	341
British Telecommunications Plc/UK	52	340
Broken Hill Proprietary Co Ltd/Australia	154	320
BSN-Groupe/France	182	323
BTR Plc/UK	97	341
Groupe Bull/France	296	323
Burton Group/UK	472	342
B.A.T Industries Plc/UK	54	340
Cable & Wireless Plc/UK	396	342
Cadbury Schweppes Plc/UK	318	341
Campeau Corp/Canada	114	322
Canadian Imperial Bank of Commerce/Canada	135	322
Canadian Pacific Ltd/Canada	138	322
Canon Inc/Japan	127	330
Carrefour Group/France	95	323
Casino Groupe/France	276	323
CEPSA-Cia Española de Petróleos/Spain	390	338
CFAO-Cie Française de l'Afrique/France	306	323
Chargeurs SA/France	482	326
Chori Co Ltd/Japan	286	332
Chubu Electric Power/Japan	90	330
Chugoku Electric Power Co/Japan	238	332
CIBA-GEIGY Group/Switzerland	87	340
CMB Packaging/France	438	326
Co op AG/Germany	223	328
Coats Viyella Plc/UK	466	342
Cockerill Sambre SA/Belgium	311	322
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Crédit Commercial de France Group/France	239	323
Crédit Foncier de France/France	309	323
Crédit Lyonnais Group/France	37	323
Creditanstalt Banking Group/Austria	407	342
Crownx/Canada	465	323
CS Holding/Switzerland	199	340
CSR Group/Australia	414	320
Dai Nippon Printing Co Ltd/Japan	186	330
Daido Steel Co Ltd/Japan	452	336
Daiei Inc/Japan	64	329
Daihatsu Motor Co Ltd/Japan	284	332
Daikyo/Japan	397	334
Daimaru/Japan	262	332
Daimler-Benz Group/Germany	15	326
Dainippon Ink & Chemicals/Japan	269	332
Daiwa Bank Ltd/Japan	228	332
Daiwa House Industry Co Ltd/Japan	344	334
Daiwa Securities Co Ltd/Japan	236	332
Dai-Ichi Kangyo Bank Ltd/Japan	23	329
Dalgety Plc/UK	163	341
Degussa AG/Germany	179	328
Delhaize "Le Lion" Group/Belgium	221	322
Deutsche Bank Group/Germany	63	326
Deutsche Lufthansa AG/Germany	206	328
Dixons Group/UK	475	342
Docks de France/France	394	326
Dofasco/Canada	441	323
Dresdner Bank/Germany	118	328
NV DSM/Netherlands	299	336
Dumez Group/France	335	326
Elders IXL Ltd/Australia	117	320
Electrolux Group/Sweden	82	338
Elf Aquitaine Group/France	39	323
ENDESA/Spain	321	338
Enimont SpA/Italy	104	328
Telefonaktiebolaget LM Ericsson/Sweden	245	338
Euromarché SA/France	392	326
Feldmühle Nobel Group/Germany	302	328
Ferruzzi Group/Italy	89	328
Fiat Group/Italy	18	328
Fletcher Challenge Ltd/New Zealand	229	344
Fuji Bank Ltd/Japan	44	329
Fuji Electric Co Ltd/Japan	283	332
Fuji Heavy Industries Ltd/Japan	322	332
Fuji Photo Film Co Ltd/Japan	210	330
Fujita Corp/Japan	352	334
Fujitsu Ltd/Japan	56	329

Company/country	Rank	Page
Furukawa Electric Co Ltd/Japan	272	332
GAN-Groupe des Assurances Nationales/France	80	323
General Accident Fire & Life Assurance/UK	237	341
General Electric Co Plc/UK	115	341
General Sekiyu Group/Japan	448	334
Générale Bank Group/Belgium	192	322
Générale des Eaux Groupe/France	65	323
Cie Générale d'Electricité/France	42	323
Generali Group/Italy	94	328
George Weston Ltd/Canada	147	322
GIB Group/Belgium	282	322
GKN Plc/UK	418	342
Glaxo Holdings Plc/UK	343	341
Gold Star Co Ltd/Korea	387	344
Grand Metropolitan Plc/UK	96	340
Great Universal Stores Plc/UK	320	341
Great-West Lifeco/Canada	337	322
GTM-Entrepose/France	435	326
Guardian Royal Exchange Plc/UK	279	341
Guinness Plc/UK	415	342
Hachette SA/France	329	326
Hanson Plc/UK	150	341
Hanwa Co Ltd/Japan	281	332
Harrisons & Crosfield Plc/UK	481	342
Haseko Corp/Japan	400	334
Hattori Seiko Co Ltd/Japan	491	336
HAVAS Group/France	489	326
Hawker Siddeley Group Plc/UK	424	342
Hazama Corp/Japan	376	334
Heineken NV/Netherlands	463	336
Henkel Group/Germany	243	328
Hillsdown Holdings Plc/UK	250	341
Hino Motors Ltd/Japan	305	332
Hitachi Ltd/Japan	9	329
Hochtief AG/Germany	497	328
Hoechst Group/Germany	34	326
Hoesch Group/Germany	267	328
Hokkaido Electric Power/Japan	436	334
Hokkaido Takushoku Bank Ltd/Japan	298	332
Philipp Holzmann AG/Germany	356	328
Honda Motor Co Ltd/Japan	28	329
Honshu Paper Co Ltd/Japan	434	334
Hoogovens Groep/Netherlands	354	336
Hudson's Bay Co/Canada	370	322
Hyundai Corp/Korea	156	344
Hyundai Engineering & Construction Co/Korea	440	344
Hyundai Motor Co/Korea	258	344
Imasco Ltd/Canada	405	323
IMETAL Group/France	450	326
Imperial Chemical Industries Plc/UK	45	340

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Inchcape Plc/UK	308	341
INCO Ltd/Canada	377	322
Industrial Bank of Japan Ltd/Japan	55	329
Industrial Equity Ltd/Australia	249	320
Isetan Co Ltd/Japan	433	334
Ishikawajima-Harima Heavy Industries Co/Japan	245	332
Isuzu Motors Ltd/Japan	124	330
C Itoh & Co Ltd/Japan	2	329
Itoham Foods/Japan	479	336
Itoman & Co Ltd/Japan	261	332
Ito-Yokado Co Ltd/Japan	92	330
Iwatani International Corp/Japan	410	334
Jacobs Suchard Group/Switzerland	368	340
Japan Air Lines Co Ltd/Japan	155	330
Jujo Paper Co Ltd/Japan	385	334
Jusco Co Ltd/Japan	133	330
Kajima Corp/Japan	107	330
Kandenko Co Ltd/Japan	485	336
Kanebo Ltd/Japan	327	332
Kanematsu Corp/Japan	17	329
Kansai Electric Power Co/Japan	70	329
Kao Corp/Japan	346	334
Karstadt Group/Germany	211	328
Kaufhof Group/Germany	208	328
Kawasaki Heavy Industries Ltd/Japan	216	332
Kawasaki Steel Corp/Japan	144	330
Kawasho Corp/Japan	106	330
Kesko Group/Finland	213	342
Kingfisher Plc/UK	314	341
Kinki Nippon Railway Co Ltd/Japan	265	332
Kirin Brewery Co Ltd/Japan	326	332
KLM Royal Dutch Airlines/Netherlands	468	336
Kobe Steel Ltd/Japan	130	330
Komatsu Ltd/Japan	241	332
Konica/Japan	401	334
Kredietbank NV/Belgium	328	322
Kubota Ltd/Japan	264	332
Kumagai Gumi Co Ltd/Japan	174	330
Kyocera Corp/Japan	492	336
Kyowa Bank Ltd/Japan	233	332
Kyushu Electric Power/Japan	167	330
L'Aire Liquide Group/France	341	326
L'Oréal Group/France	353	326
John Labatt/Canada	373	322
Ladbroke Group Plc/UK	252	341
Lafarge Coppée/France	312	323
Legal & General Group/UK	254	341
Lex Service Plc/UK	443	342
Linde AG/Germany	500	328
Lloyds Bank Group/UK	66	340

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Long-Term Credit Bank of Japan Ltd/Japan	86	329
Lonrho Group/UK	248	341
Lucas Industries Plc/UK	406	342
LVMH/France	477	326
Lyonnaise des Eaux Group/France	429	326
M A N Group/Germany	140	328
Maeda Corp/Japan	488	336
Mannesmann Group/Germany	91	326
Marks & Spencer Plc/UK	141	341
Marubeni Corp/Japan	4	329
Marui/Japan	364	334
MATRA/France	419	326
Matsushita Electric Industrial Co/Japan	14	329
Matsushita Electric Works/Japan	226	332
Matsuzakaya Co Ltd/Japan	393	334
Mazda Motor Corp/Japan	60	329
Meiji Milk Products Co Ltd/Japan	464	336
Metallgesellschaft AG/Germany	110	326
Michelin Group/France	151	323
Midland Group/UK	68	340
Misawa Homes Co Ltd/Japan	487	336
Mitsubishi Bank Ltd/Japan	27	329
Mitsubishi Corp/Japan	5	329
Mitsubishi Electric Corp/Japan	48	329
Mitsubishi Heavy Industries Ltd/Japan	62	329
Mitsubishi Kasei Corp/Japan	165	330
Mitsubishi Metal Corp/Japan	275	332
Mitsubishi Motors Corp/Japan	57	329
Mitsubishi Oil Co Ltd/Japan	288	332
Mitsubishi Petrochemical Co Ltd/Japan	484	336
Mitsubishi Trust & Banking Corp/Japan	108	330
Mitsui OSK Lines Ltd/Japan	416	334
Mitsui Real Estate Development Co Ltd/Japan	188	330
Mitsui Taiyo Kobe Bank Ltd/Japan	69	329
Mitsui Toatsu Chemicals/Japan	399	334
Mitsui Trust & Banking Co Ltd/Japan	112	330
Mitsui & Co Ltd/Japan	3	329
Mitsukoshi Ltd/Japan	200	330
MoDo Group/Sweden	495	338
Münchener Rückversicherungs/Germany	207	328
Nagasakiya Co Ltd/Japan	451	336
Nagase & Co Ltd/Japan	380	334
Nagoya Railroad Co Ltd/Japan	473	336
National Australia Bank Group/Australia	187	320
National Bank of Canada/Canada	461	323
National Westminster Bank Plc/UK	36	340
Nationale-Nederlanden/Netherlands	119	336
NEC Corp/Japan	35	329
Nestlé/Switzerland	24	340
News Corp Ltd/Australia	232	320

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Nichimen Corp/Japan	12	329
Nichirei Corp/Japan	445	334
Nippon Credit Bank Ltd/Japan	184	330
Nippon Express Co Ltd/Japan	132	330
Nippon Light Metal Co Ltd/Japan	363	334
Nippon Meat Packers/Japan	324	332
Nippon Mining Co Ltd/Japan	219	332
Nippon Oil Co Ltd/Japan	75	329
Nippon Steel Corp/Japan	49	329
Nippon Suisan Kaisha Ltd/Japan	359	334
Nippon Telegraph & Telephone Corp/Japan	13	329
Nippon Yusen KK/Japan	300	332
Nippondenso Co Ltd/Japan	136	330
Nissan Motor Co Ltd/Japan	16	329
Nisshin Steel Co Ltd/Japan	420	334
Nissho Iwai Corp/Japan	6	329
NKK Corp/Japan	109	330
Nobel Industrier AB/Sweden	425	338
Nokia/Finland	290	342
Nomura Securities Co Ltd/Japan	162	330
Noranda/Canada	177	322
Nordbanken Group/Sweden	295	338
Norsk Hydro a s/Norway	131	342
Nova Corp of Alberta/Canada	367	322
OCP-Office Commercial Pharmaceutique/France	403	326
Oerlikon-Bührle Group/Switzerland	498	340
Ohbayashi Corp/Japan	189	330
Oji Paper Co Ltd/Japan	333	334
Oki Electric Industry Co Ltd/Japan	347	334
Olivetti Group/Italy	222	328
Omron Corp/Japan	499	336
OMV AG/Austria	412	342
Onoda Cement Co Ltd/Japan	478	336
Osaka Gas Co Ltd/Japan	319	332
Oshawa Group Ltd/Canada	357	322
Pacific Dunlop Ltd/Australia	402	320
Paribas Group/France	72	323
Pechiney Group/France	79	323
Peninsular & Oriental Steam Navigation/UK	185	341
Petrobrás-Petróleo Brasileiro SA/Brazil	423	344
Petrofina SA/Belgium	102	322
Peugeot Groupe SA/France	38	323
Philips Group/Netherlands	29	336
Pilkington Plc/UK	316	341
Pioneer Electronic Corp/Japan	404	334
Pioneer International Group/Australia	462	320
Pirelli SpA/Italy	202	328
Preussag Group/Germany	149	328
Groupe Printemps/France	339	326

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Procordia Group/Sweden	455	338
Promodès Group/France	164	323
Provigo Inc/Canada	293	322
Prudential Corp Plc/UK	83	340
Racal Electronics/UK	457	342
Ranks Hovis McDougall Plc/UK	483	342
Repsol SA/Spain	129	338
Rhône-Poulenc Group/France	98	323
Ricoh Co Ltd/Japan	259	332
RMC Group Plc/UK	355	342
Roche Holding/Switzerland	253	340
Rolls-Royce Plc/UK	307	341
Royal Bank of Canada/Canada	105	322
Royal Bank of Scotland Group Plc/UK	277	341
Royal Dutch/Shell Group/Netherlands	7	336
Royal Insurance Holdings Plc/UK	142	341
Royal Trustco Ltd/Canada	459	323
RTZ Corporation Plc/UK	172	341
RWE Group/Germany	47	326
Saab-Scania Group/Sweden	205	338
Saatchi & Saatchi Plc/UK	191	341
SAE-Société Auxiliaire d'Entreprises/France	369	326
J Sainsbury Plc/UK	103	341
Saint-Gobain Group/France	116	323
Saitama Bank Ltd/Japan	242	332
Sandoz Group/Switzerland	180	340
Sandvik AB/Sweden	496	338
Sankyo Co Ltd/Japan	439	334
Sanwa Bank Ltd/Japan	26	329
Sanyo Electric Co Ltd/Japan	123	330
Sanyo-Kokusaku Pulp Co/Japan	421	334
Schering Group/Germany	470	328
Schlumberger Ltd/Netherlands Antilles	317	336
Schneider SA/France	183	323
Seagram Co Ltd/Canada	330	322
Sears Plc/UK	427	342
Seibu Railway Co Ltd/Japan	474	336
Seiyu Ltd/Japan	158	330
Sekisui Chemical Ltd/Japan	304	332
Sekisui House Ltd/Japan	234	332
Sharp Corp/Japan	137	330
Shimizu Corp/Japan	122	330
Shinsho Corp/Japan	371	334
Shin-Etsu Chemical/Japan	486	336
Shiseido Co Ltd/Japan	454	336
Showa Denko KK/Japan	361	334
Showa Shell Sekiyu KK/Japan	120	330
Siemens Group/Germany	20	326
Skandinaviska Enskilda Bank Group/Sweden	231	338
Skanska AB/Sweden	323	338

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SME-Soc Meridionale Finanziaria/Italy	422	328
Smith (WH) Group Plc/UK	431	342
SmithKline Beecham Plc/UK	201	341
Snow Brand Milk Products Co Ltd/Japan	197	330
Société Générale Group/France	61	323
Solvay Group/Belgium	230	322
Sony Corp/Japan	51	329
South African Breweries Ltd/South Africa	332	344
Ssangyong Group/Korea	196	344
Standard Chartered Group/UK	263	341
STC Group Plc/UK	351	342
STET Group/Italy	84	328
Stora Group/Sweden	225	338
Suez Group/France	43	323
Sulzer Group/Switzerland	384	340
Sumitomo Bank Ltd/Japan	30	329
Sumitomo Chemical Co Ltd/Japan	217	332
Sumitomo Corp/Japan	1	329
Sumitomo Electric Industries Ltd/Japan	203	330
Sumitomo Metal Industries Ltd/Japan	134	330
Sumitomo Metal Mining Co Ltd/Japan	382	334
Sumitomo Rubber Industries/Japan	417	334
Sumitomo Trust & Banking Co Ltd/Japan	101	330
Sun Alliance Group Plc/UK	224	341
Suzuki Motor Co Ltd/Japan	212	332
SCA-Svenska Cellulosa AB/Sweden	388	338
Svenska Handelsbanken/Sweden	280	338
Swire Pacific Ltd/Hong Kong	408	344
Swiss Bank Corp/Switzerland	166	340
Swiss Re Group/Switzerland	152	340
Swissair Group/Switzerland	460	340
Tabacalera/Spain	374	338
Taisei Corp/Japan	93	330
Taisho Marine & Fire Insurance Co Ltd/Japan	449	334
Taiyo Fishery Co Ltd/Japan	181	330
Takashimaya Co Ltd/Japan	194	330
Takeda Chemical Industries Ltd/Japan	285	332
Tarmac Plc/UK	271	341
Tate & Lyle Group/UK	287	341
TDK/Japan	437	334
Teijin Ltd/Japan	349	334
Telefónica/Spain	251	338
Tesco Plc/UK	148	341
Thomson Corp/Canada	297	322
Thomson CSF SA/France	291	323
Thorn EMI Plc/UK	255	341
Thyssen Group/Germany	53	326
TNT Ltd/Australia	456	320
Tobishima/Japan	458	336
Toda Construction Co Ltd/Japan	358	334
Tohoku Electric Power Co/Japan	168	330
Tokai Bank Ltd/Japan	73	329
Tokio Marine & Fire Insurance Co Ltd/Japan	215	332
Tokyo Electric Power Co/Japan	25	329
Tokyo Gas Co Ltd/Japan	266	332
Tokyu Construction Co Ltd/Japan	413	334
Tokyu Department Stores/Japan	453	336
Tonen Corp/Japan	315	332
Toppan Printing Co Ltd/Japan	198	330
Toray Industries/Japan	257	332
Toronto-Dominion Bank/Canada	247	322
Toshiba Corp/Japan	22	329
Toshoku Ltd/Japan	289	332
TOTAL Group-Française des Pétroles/France	59	323
Toyo Menka Kaisha Ltd/Japan	11	329
Toyo Seikan Kaisha Ltd/Japan	292	332
Toyo Trust & Banking Co Ltd/Japan	190	330
Toyobo Co Ltd/Japan	381	334
Toyota Automatic Loom Works Ltd/Japan	426	334
Toyota Motor Corp/Japan	8	329
Toyota Tsusho Corp/Japan	81	329
Trafalgar House Plc/UK	278	341
Trelleborg AB/Sweden	365	338
Trusthouse Forte Plc/UK	372	342
UAP-Union des Assurances de Paris/France	121	323
Ube Industries Ltd/Japan	331	334
Unibanco Group/Brazil	366	344
Unigate Group/UK	378	342
Unilever/Netherlands	21	336
Union Bank of Switzerland/Switzerland	157	340
United Biscuits (Holdings) Plc/UK	391	342
Uny Co Ltd/Japan	336	334
Valeo Group/France	480	326
VEBA Group/Germany	31	326
VEW-Vereinigte Elektrizitätswerke Westfa/Germany	444	328
VIAG Group/Germany	273	328
Volkswagen Group/Germany	19	326
Volvo Group/Sweden	76	338
Westpac Banking Group/Australia	113	320
Whitbread & Co Plc/UK	442	342
George Wimpey Plc/UK	428	342
Winterthur Group/Switzerland	178	340
YPF-Yacimientos Petrolíferos Fiscales/Argentina	204	344
Yamaha Corp/Japan	411	334
Yamaha Motor Co Ltd/Japan	360	334
Yamazaki Baking Co Ltd/Japan	469	336
Yasuda Fire & Marine Insurance Co Ltd/Japan	260	332
Yasuda Trust & Banking Co Ltd/Japan	153	330
Zurich Insurance Group/Switzerland	99	340

The 100 largest foreign investments in the U.S.

Foreign investors bought fewer U.S. assets last year

IS FOREIGN MONEY taking over the U.S. economy? Of course not. Has foreign buying here peaked? Perhaps: The U.S. Department of Commerce reports that net capital inflow from foreigners into the U.S. during 1989 was $215 billion, slightly below 1988's record $219 billion. Foreign purchases of U.S. financial assets, mainly U.S. Treasury obligations, are also slowing down.

In terms of investments in plant and equipment, *Mergers & Acquisitions* magazine reports that last year foreigners spent $53 billion, acquiring a total of 521 U.S. companies. That's a lot of money, but the figure is down from $62 billion in 1988.

Who's doing the buying? Overall the British were the most acquisitive foreigners during 1989. U.K. companies spent $24 billion merging with or acquiring 158 U.S. corporations, including SmithKline Beckman (combined with Beecham in an $8 billion deal) and Pillsbury Co. (acquired by Grand Metropolitan for almost $6 billion). Japan came in second with 81 takeovers, valued at about $9 billion. The biggest single buyout by the Japanese was the $3.4 billion paid by Sony to grab Columbia Pictures Entertainment.

Among the new entries to the list this year is ABB Asea Brown Boveri, the big electrical engineering firm, which is equally owned by ASEA AB of Sweden and BBC Brown Boveri of Switzerland. Last December the company bought Combustion Engineering for $1.6 billion. No longer on the list is Belgium's Groupe Bruxelles Lambert; its U.S. arm, Drexel Burnham Lambert, filed for bankruptcy earlier this year.

The figures below are from the companies' most recent annual reports, the majority from December 1989. Revenue, net income and assets represent the results of a company's entire U.S. operation, and not the proportional interest the parent may have in it. In general, foreign companies with at least a 20% equity interest in a U.S. subsidiary are listed in our report, provided the subsidiary's revenues are large enough (the cutoff is $1.4 billion).

The table also includes foreign firms that have an indirect ownership of a U.S. subsidiary as a result of controlling at least 20% of another foreign company. Such indirect investments are indicated in italics. For example, Hardee's Food Systems, Peoples Drug Stores and Roy Rogers are all subsidiaries of Imasco Ltd. of Canada, yet they are listed under England's B.A.T Industries. Why? Because B.A.T owns 40% of Imasco.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue ($mil)	Net income ($mil)	Assets ($mil)
1	**Seagram Co Ltd***	Canada	El du Pont de Nemours*	24	chemicals, energy	35,534	2,480.0	34,715
			Joseph E Seagram & Sons	100	beverages	3,404	560.9	8,069
						38,938		
2	**Royal Dutch/Shell Group***	Netherlands/UK	Shell Oil	100	energy, chemicals	21,703	1,405.0	27,599
3	**British Petroleum Plc***	UK	BP America	100	energy	16,566	NA	20,438
4	**B.A.T Industries Plc***	UK	BATUS	100	multicompany	7,093	NA	3,495
			Farmers Group	100	insurance			
	Imasco Ltd	Canada	Hardee's Food Systems	100	fast food	3,503	NA	NA
			Peoples Drug Stores	100	drugstores	1,020	NA	NA
			Roy Rogers	100	fast food	648	NA	NA
						12,264		
5	**Grand Metropolitan Ltd***	UK	Burger King	100	fast food	5,700	NA	NA
			Grand Metropolitan USA	100	beverages, retailing	3,705	NA	NA
			Pillsbury	100	food processors	2,400	NA	NA
						11,805		
6	**Tengelmann Group**	Germany	Great A&P Tea*	53	supermarkets	11,148	146.7	2,832
7	**Campeau**	Canada	Federated Dept Stores	100	retailing	4,867	–1,503.9	6,600
			Allied Stores	100	retailing	2,706	–925.2	3,000
			Ralphs Grocery	100	supermarkets	2,556	–69.7	1,405
						10,129		
8	**Unilever NV*** **Unilever Plc***	Netherlands UK	Unilever United States	100	food proc, pers prods	8,113	138.0	9,379

*Publicly traded in the U.S. in shares or ADRs. Note: Some foreign investors on the list own U.S. companies indirectly through companies in italics. E: Estimate. NA: Not available.

The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue ($mil)	Net income ($mil)	Assets ($mil)
9	**Nestlé SA***	Switzerland	Nestlé Enterprises	100	food processing	4,339	NA	NA
			Carnation	100	food	2,630	NA	NA
			Alcon Laboratories	100	optical products	800E	NA	NA
						7,769		
10	**Hanson Plc***	UK	Hanson Industries	100	multicompany	5,757	760.8	5,811
	Consolidated Gold Fields Plc	UK	Newmont Mining*	49	mining	582	125.9	1,302
			Smith Corona*	48	office supplies	493	54.4	NA
						6,832		
11	**ASEA AB**	Sweden						
	BBC Brown Boveri	Switzerland						
	ABB Asea Brown Boveri	Switzerland	Asea Brown Boveri	100	power generation	3,251	NA	NA
			Combustion Engineering	100	power generation	3,500	NA	2,413
						6,751		
12	**Petróleos de Venezuela, SA**	Venezuela	Citgo Petroleum	100	refining, marketing	4,941	161.0	1,587
			Champlin Refining	100	refining, marketing	1,800	41.1	490
						6,741		
13	**Philips NV***	Netherlands	North American Philips	100	electronics	6,203	–178.0	3,879
14	**Hoechst AG***	Germany	Hoechst Celanese	100	chemicals	6,016	267.0	6,062
15	**Sony Corp***	Japan	CBS Records	100	records	2,899	NA	NA
			Columbia Pictures	100	movies	1,637	21.0	3,709
			Sony (US)	100	consumer electronics	1,400E	NA	NA
						5,936		
16	**Pechiney**	France	American National Can	100	packaging	4,277	NA	NA
			Howmet	100	gas turbines	874	NA	NA
			Other companies	100	aluminum	509	NA	NA
						5,660		
17	**Bayer AG***	Germany	Mobay	100	chemicals	2,150	121.6	1,595
			Miles	100	health care	2,125	59.6	2,041
			Agfa	100	photography	947	0.6	733
			Other companies	100	chemicals	203	NA	193
						5,425		
18	**BASF Group***	Germany	BASF	100	chemicals	5,422	90.0	3,594
19	**Franz Haniel & Cie**	Germany	Scrivner	100	food distribution	3,252	NA	NA
			Gateway Foods	100	food distribution	2,000	NA	NA
						5,252		
20	**Imperial Chemical Industries Plc***	UK	ICI Americas	100	chemicals, drugs, paint	5,000	NA	NA
21	**IFINT SA**	Luxembourg	Fund American Cos*	22	insurance	3,490	73.0	11,720
			Lear Seating	29	auto parts	1,015	NA	NA
			Moog Automotive	100	auto parts	450	NA	NA
						4,955		
22	**Brascan Ltd***	Canada						
	Noranda	Canada	Noranda US	100	minerals, forest prods	3,144	NA	2,229
	John Labatt Ltd	Canada	Johanna Dairies	100	dairy, juice products	1,677	NA	NA
			Other companies	100	package foods,brewing			
						4,821		
23	**Delhaize "Le Lion" SA**	Belgium	Food Lion*	44	supermarkets	4,717	139.8	1,282
24	**Ferruzzi Group**	Italy	Central Soya	100	food processor	2,319	15.1	789
	Montedison Group*	Italy	Himont	100	chemicals	1,800	NA	NA
			Erbamont	100	pharmaceuticals	165	NA	166
			Other companies	100	chemicals	153	NA	NA
						4,437		
25	**Vendex International**	Netherlands	Dillard Dept Stores*	35	retailing	3,049	148.1	2,496
			Barnes & Noble	30	retailing	1,300	NA	NA
			B Dalton	50	retailing			
						4,349		
26	**Electrolux AB***	Sweden	White Consolidated	100	appliances	4,300	NA	3,100

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Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue ($mil)	Net income ($mil)	Assets ($mil)
27	BCE*	Canada						
	_Northern Telecom Ltd_*	Canada	Northern Telecom	100	telecommunications	3,781	NA	3,084
	_Trans Canada Pipeline_*	Canada	Great Lakes Gas Trans	50	gas transmission	245	30.0	NA
			Northern Border Pipeline	30	gas transmission	231	NA	NA
						4,257		
28	Honda Motor Company Ltd*	Japan	Honda of America Mfg	100	automotive	4,200E	NA	NA
29	Fujitsu Ltd*	Japan	Amdahl*	44	electronics	2,101	152.9	2,234
			Fujitsu America	100	electronics	1,500	NA	NA
			Fujitsu Microelectronics	100	electronics	545	–75.0	390
						4,146		
30	Bridgestone*	Japan	Bridgestone/Firestone	100	tire & rubber	3,500E	NA	NA
			Bridgestone USA	100	tire & rubber	600E	NA	NA
						4,100		
31	Ahold NV*	Netherlands	First National Supermkts	86	supermarkets	1,837	NA	NA
			BI-LO	100	supermarkets	1,430	NA	NA
			Giant Food Stores	100	supermarkets	790	NA	NA
						4,057		
32	Toyota Motor Corp*	Japan	New United Motor Mfg	50	automotive	1,700E	NA	NA
			Toyota Motor Mfg	100	automotive	1,800E	NA	NA
	_Nippondenso Co Ltd_*	Japan	Nippondenso America	100	auto parts	556	NA	NA
						4,056		
33	Anglo Amer of S Africa*	South Africa						
	_Minorco_*	Luxembourg	Engelhard*	30	metals	2,403	–77.5	1,340
			Inspiration Resources*	56	agricultural, mining	1,373	25.2	915
						3,776		
34	CIBA-GEIGY Ltd	Switzerland	CIBA-GEIGY	100	chemicals, drugs	3,732	NA	3,085
35	Volvo AB*	Sweden	Hertz Corporation	26	car rental	2,253	65.1	3,669
			Volvo GM Heavy Truck	76	automotive	1,154	NA	NA
			VME Americas	50	automotive	318	NA	NA
						3,725		
36	CS Holding	Switzerland	First Boston	100	investment banking	3,654[1]	NA	NA
37	Siemens AG*	Germany	Siemens Corporation	100	electronics	3,560	–306.0	3,400
38	Compagnies des Machines Bull*	France	Bull HN Information Sys	72	information systems	2,151	1.1	NA
			Zenith Data Systems	100	information systems	1,400E	NA	NA
						3,551		
39	SmithKline Beecham Plc*	UK	SmithKline Beecham (US)	100	drugs, consumer prods	3,244	NA	2,602
40	Hongkong & Shanghai Banking Corp*	Hong Kong	Marine Midland Banks	100	banking	3,168	–1.1	27,067
41	RTZ Plc	UK	US Borax & Chemical	100	mining, borax	2,266	454.0	2,516
			US Silica	100	sand, clays			
			Kennecott	100	mining			
	_Rio Algom Ltd_*	Canada	Rio Algom Inc	100	metals, mining	430	NA	NA
	RTZ Pillar Ltd	UK	Indal US	100	building products	464	NA	301
						3,160		
42	Alcan Aluminium Ltd*	Canada	Alcan Aluminum	100	aluminum	3,073	15.0	1,545
43	News Corporation Ltd*	Australia	News America	100	media, publishing	3,055	NA	7,382
44	BTR Plc*	UK	BTR Dunlop	100	construction, controls	3,043	NA	NA
45	Petrofina SA	Belgium	American Petrofina*	86	energy	3,036	96.2	2,505
46	Carrefour	France	Costco Wholesale*	20	retailing	3,000	27.0	624
47	Jefferson Smurfit Group Plc	Ireland						
	Smurfit International BV	Netherlands	Jefferson Smurfit	50	paper, packaging	2,936	36.0	2,437
			Container Corp of Am	50	paper, packaging			
48	Zurich Insurance Group	Switzerland	Zurich Insurance Grp US	100	insurance	2,884[2]	69.4	7,332
49	Thomson SA*	France	Thomson Consumer Elec	100	consumer electronics	2,877	NA	1,226
50	Dalgety Plc	UK	Martin-Brower	100	food distribution	2,850E	NA	NA
			Modern Maid Food	100	food products			

*Publicly traded in the U.S. in shares or ADRs. Note: Some foreign investors on the list own U.S. companies indirectly through companies in italics. [1] For 12 months ended September 1988. [2] Includes seven months from Maryland Casualty, acquired in May 1989. E: Estimate. NA: Not available.

The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue ($mil)	Net income ($mil)	Assets ($mil)
51	Manufacturers Life Insurance	Canada	Manufacturers Life Ins US	100	insurance	2,800E	NA	NA
52	Prudential Corporation Plc*	UK	Jackson National Life	100	insurance	2,732	87.8	7,829
53	NKK Corp*	Japan	National Steel Int'l Light Metals	70 40	steel aluminum, titanium	2,577 136 2,713	60.2 3.0	1,807 173
54	Rhône-Poulenc Group*	France	Rhône-Poulenc Rorer Group*	100 52	chemicals pharmaceuticals	1,520 1,182 2,702	NA 86.5	2,900 1,792
55	Elf Aquitaine Group	France	Elf Aquitaine, Inc	100	oil & gas, chemicals	2,699	NA	4,515
56	Henkel KGaA	Germany	Clorox* Henkel of America Loctite*	28 100 26	household products chemicals chemicals	1,356 885 456 2,697	124.1 NA 54.5	1,213 NA 362
57	Edmund J Safra *Saban SA*	Switzerland Switzerland	Republic NY*	32	banking	2,575	24.0	25,467
58	Royal Insurance Holdings Plc	UK	Royal USA	100	insurance	2,553	–35.0	5,348
59	Mazda Motor	Japan	Mazda Motor Mfg USA	100	automotive	2,500E	NA	NA
60	Power Corp of Canada *Great-West Lifeco*	Canada Canada	Great-West Life Assur	99	insurance	2,446	NA	9,523
61	Broken Hill Proprietary*	Australia	Pacific Resources BHP Petroleum (Americas) BHP-Utah Minerals Hamilton Oil*	100 100 100 51	energy energy mining energy	900E 800E^3 500E^3 208 2,408	NA NA NA 14.7	NA NA NA 761
62	Total CFP	France	Total Petroleum NA* Total Minatome	51 100	energy oil & gas	2,171 200 2,371	48.2 NA	1,156 NA
63	Bank of Tokyo Ltd*	Japan	Union Bank* Bank of Tokyo Trust	77 100	banking banking	1,650 719 2,369	138.9 24.8	15,376 8,200
64	Daimler-Benz Group *AEG AG*	Germany Germany	Freightliner AEG Other companies	100 100 100	automotive elec equip, electronics elec equip, computers	1,764 600 2,364	NA NA	NA NA
65	Maxwell Communications	UK	Macmillan Maxwell Communications Official Airline Guides Macmillan McGraw-Hill	100 100 100 50	publishing publishing, printing publishing school publishing	2,329	NA	NA
66	Dainippon Ink & Chemicals	Japan	Sun Chemical Reichhold Chemicals Polychrome	100 100 100	printing, chemicals chemicals printing	1,000E 990E 266 2,256	NA NA 7.0	NA NA 256
67	Bertelsmann AG	Germany	Bertelsmann USA	100	printing, publishing	2,250E	NA	NA
68	National Westminster Bank Plc*	UK	National Westminster Bc	100	banking	2,201	–139.5	21,773
69	AEGON NV*	Netherlands	AEGON USA	100	insurance	2,132	94.8	7,700
70	Sandoz Ltd	Switzerland	Sandoz United States	100	chemicals, drugs	2,125	NA	NA
71	Nissan Motor Co Ltd*	Japan	Nissan Motor Mfg USA	100	automotive	2,100E	NA	NA
72	General Electric Plc*	UK	Picker International AB Dick Other companies	100 100 100	medical equipment office equipment elec sys, components	2,075	NA	NA
73	SNECMA	France	CFM International	50	aviation	2,064	2.8	1,008
74	Tate & Lyle Plc*	UK	A E Staley Manufacturing Pacific Molasses Western Sugar Other companies	90 100 100 100	food distr, processors molasses, animal feeds sugar refining sugar processing	1,100 940 2,040	NA NA	NA NA

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The 100 largest foreign investments in the U.S.

Rank	Foreign investor	Country	US investment	% owned	Industry	Revenue ($mil)	Net income ($mil)	Assets ($mil)
75	**Nationale-Nederlanden NV**	Netherlands	Nationale-Nederlanden US	100	insurance	2,023	63.3	5,937
76	**Sun Life Assurance Co of Canada**	Canada	Sun Life of Canada (US)	100	insurance	1,289	−22.2	4,970
			Sun Life's US Subs	100	insurance	635	NA	NA
						1,924		
77	**Roche Holding Ltd**	Switzerland	Hoffmann-La Roche	100	drugs, chemicals	1,800	NA	NA
78	**George Weston Ltd**	Canada	Strochmann Bakeries	100	bakery			
			Interbake Foods	100	bakery	675	NA	259
			Eddy Paper	100	paper products			
	Loblaw Cos	Canada	National Tea	100	supermarkets	1,095	NA	500E
						1,770		
79	**Régie Nationale des Usines Renault**	France	Mack Trucks*	45	automotive	1,751	−185.7	1,616
80	**Beazer Plc***	UK	Beazer East	100	const materials			
			Beazer West	100	const materials	1,749	NA	3,900E
			Beazer Properties	100	real estate			
81	**General Accident Fire & Life Plc**	Scotland	Gen Accident Corp of Am	100	insurance	1,740	129.1	4,441
82	**Canadian Pacific Ltd***	Canada	Soo Line	100	railroad	550	−27.3	861
			Canadian Pacific US	100	transportation, steel	360E	NA	NA
	AMCA Int'l Ltd*	Canada	AMCA US	100	industrial machinery	829	NA	309
						1,739		
83	**Crownx**	Canada	Crown Life Insurance(US)	94	insurance	1,346	NA	NA
			United Health	100	health care	366	NA	NA
						1,712		
84	**BOC Group Plc***	UK	BOC Group	100	gases & health care	1,700	41.0	1,900
85	**Thomson Corp**	Canada	Thomson US	100	publishing	1,692	NA	4,095
86	**J Sainsbury Plc***	UK	Shaw's Supermarkets	100	supermarkets	1,690	NA	NA
87	**Moore Corp Ltd***	Canada	Moore Business Forms	100	business forms	1,666	93.6	973
88	**NV AMEV**	Netherlands	AMEV Holdings Inc	100	insurance	1,650	60.1	2,840
89	**Akzo NV***	Netherlands	Akzo America Inc	100	multicompany	1,644	NA	1,995
90	**Glaxo Holdings Plc***	UK	Glaxo	100	eth pharmaceutical	1,637	NA	NA
91	**Thyssen Group***	Germany	Budd Company	100	auto parts	1,540	19.6	NA
92	**Otto Family**	Germany	Spiegel*	87	catalog retailing	1,525	73.3	1,424
93	**Sobey Parties**	Canada	Hannaford Brothers*	25	food distribution	1,521	37.4	470
94	**United Biscuits (Holdings)**	UK	Keebler	100	food processing	1,472	21.6	656
95	**TBG Holding NV**	Netherlands	TBG USA	100	pumps, info sys	900E	NA	NA
			Ball InCon Glass	50	containers, packaging	536	NA	NA
						1,436		
96	**Continental AG***	Germany	General Tire	100	tire	1,390	25.4	NA
97	**Pakhoed Holding**	Netherlands	Univar*	35	chemicals	1,379	21.5	472
98	**Commercial Union Assur Plc**	UK	Commercial Union	100	insurance	1,371	25.6	2,435
99	**Olympia & York Dev Ltd**	Canada	Landmark Land*	25	real estate	527	−34.9	2,667
	Abitibi-Price*	Canada	Abitibi-Price* (US)	100	bldg prods, newsprint	344	NA	419
	Trizec	Canada	Rouse*	23	property dev, banking	495	10.4	2,300
						1,366		
100	**Saint-Gobain**	France	CertainTeed	100	building supplies	1,362	30.4	1,126

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The 100 largest U.S. multinationals

U.S. firms with the biggest foreign revenues

THE FOLLOWING NUMBERS may surprise the gloomsayers who worry about foreign money buying up U.S. industrial assets: U.S. companies increased their net direct investment in Western Europe alone by $19 billion in 1989, compared with $3.3 billion in 1988. In a similar vein, revenues from foreign operations of America's 100 largest multinationals *(see table below)* increased by over 9%, to $553 billion in 1989. In other words, American companies as well as foreign ones benefit from today's relatively free flow of capital across borders.

The big buildup in Western Europe stems, of course, from a fear of increased European protectionism after 1992, when most economic borders between member nations of the European Economic Community will come down. No one wants to get frozen out. The new Europe will be a $6 trillion economy with over 325 million consumers, almost 80 million more than the U.S. has. And if Eastern Europe becomes a gold mine, what better place to mine it from than a viable West European base? Indeed, the initial wave of investment in the Eastern bloc countries is being generated by such multinational giants as McDonald's, General Electric and General Motors.

All of this bodes well for U.S. multinational corporations. William Sterling, international economist for Merrill Lynch Capital Markets, expects annual gross domestic product growth of 3% to 3.5% in the European Economic Community over the next four to five years. Sterling's forecast for the U.S. is for only 2% average annual growth.

With $63 billion in foreign sales, Exxon is still the largest U.S.-based multinational. General Motors, with foreign sales of nearly $34 billion, a 16% increase, moved past Ford. In fact, GM's strength in Europe offset an estimated $2 billion loss on its auto sales in the U.S.

(When calculating foreign sales, exports from the U.S. are not considered, nor are intergeographic sales between affiliates.) It's a good time to be a multinational.

		Revenue			Net profit[1]			Assets		
1989 rank	Company	Foreign ($mil)	Total ($mil)	Foreign as % of total	Foreign ($mil)	Total ($mil)	Foreign as % of total	Foreign ($mil)	Total ($mil)	Foreign as % of total
1	**Exxon**	63,429	86,656	73.2	2,888	2,975	97.1	46,417	83,219	55.8
2	**IBM**	36,965	62,710	58.9	4,145	3,758	110.3	37,793	77,734	48.6
3	**General Motors**	33,768	126,932	26.6	2,952	4,224	69.9	43,576	172,899	25.2
4	**Mobil**	33,003[2]	50,976[2]	64.7	1,648[3]	2,663[3]	61.9	19,972	39,080	51.1
5	**Ford Motor**	31,964	96,146	33.2	2,208	3,835	57.6	43,218	160,695	26.9
6	**Citicorp**	19,877	37,970	52.3	−416	498	D-P	87,168[4]	221,002[4]	39.4
7	**EI du Pont de Nemours**	14,152[5]	35,534[5]	39.8	896[6]	2,881[6]	31.1	10,244	34,715	29.5
8	**Texaco**	13,710	32,416	42.3	2,054[3]	2,942[3]	69.8	6,827	25,636	26.6
9	**ITT**[7]	10,944	25,271	43.3	453	985	46.0	11,502	48,725	23.6
10	**Dow Chemical**	9,516	17,600	54.1	1,127	2,499	45.1	9,943	22,166	44.9

[1] From continuing operations before deducting minority interest. [2] Includes other income. [3] Net income before corporate expense. [4] Average assets. [5] Includes excise taxes. [6] Operating income after taxes. [7] Includes proportionate interest in unconsolidated subsidiaries and affiliates. [8] Pretax income. [9] Excludes Canadian operations. [10] Operating profit. [11] Pretax income before corporate expense. D-P: Deficit over profit. P-D: Profit over deficit. NA: Not available.

The 100 largest U.S. multinationals

		Revenue			Net profit[1]			Assets		
1989 rank	Company	Foreign ($mil)	Total ($mil)	Foreign as % of total	Foreign ($mil)	Total ($mil)	Foreign as % of total	Foreign ($mil)	Total ($mil)	Foreign as % of total
11	**Procter & Gamble**	8,529	21,398	39.9	355	1,206	29.4	5,260	16,351	32.2
12	**Philip Morris Cos**	7,630	39,011	19.6	560	2,946	19.0	5,714	38,528	14.8
13	**Eastman Kodak**	7,529	18,398	40.9	540	529	102.1	6,628	23,648	28.0
14	**Digital Equipment**	6,893	12,742	54.1	690	1,073	64.3	4,719	10,668	44.2
15	**General Electric**	6,769[2]	54,574[2]	12.4	773[8]	5,703[8]	13.6	11,346	128,344	8.8
16	**United Technologies**	6,501[2]	19,757[2]	32.9	377	763	49.4	3,901	14,598	26.7
17	**Amoco**	6,354[2]	24,379[2]	26.1	322	1,610	20.0	9,960	30,430	32.7
18	**Hewlett-Packard**	6,338	11,899	53.3	486	829	58.6	3,897	10,075	38.7
19	**Xerox**	6,093	17,635	34.6	385	856	45.0	7,657	30,088	25.4
20	**Chevron**	6,047	29,443	20.5	793	251	315.9	7,653	33,884	22.6
21	**Chase Manhattan**	6,013	13,904	43.2	–943	–665	141.8	30,948	107,369	28.8
22	**American Intl Group**	5,432[9]	14,150	38.4	893[10]	1,754[10]	50.9	18,510[9]	46,143	40.1
23	**Minn Mining & Mfg**	5,389	11,990	44.9	485	1,274	38.1	3,712	9,776	38.0
24	**Unisys**	4,961	10,097	49.1	44	–639	P-D	3,353	10,751	31.2
25	**Motorola**	4,910	9,620	51.0	304[8]	646[8]	47.1	2,605	7,686	33.9
26	**JP Morgan & Co**	4,888	10,394	47.0	–1,693	–1,275	132.8	38,663	88,964	43.5
27	**Coca-Cola**	4,886	8,966	54.5	819	1,193	68.7	2,840	8,283	34.3
28	**Johnson & Johnson**	4,876	9,757	50.0	600	1,082	55.5	3,656	7,919	46.2
29	**American Express**	4,859	25,047	19.4	171	1,157	14.8	28,201	130,855	21.6
30	**Goodyear Tire & Rubber**	4,448	10,869	40.9	95	189	50.3	3,162	8,460	37.4
31	**Tenneco**	4,285	14,083	30.4	198	584	33.9	4,884	17,381	28.1
32	**Chrysler**	4,172	34,922	11.9	181	315	57.5	5,615	51,083	11.0
33	**Sears, Roebuck**	4,135	53,794	7.7	67	1,509	4.4	3,171	86,972	3.6
34	**Woolworth**	3,790	8,820	43.0	117	329	35.6	1,697	3,907	43.4
35	**Bristol-Myers Squibb**	3,685	9,189	40.1	149	747	19.9	2,104	8,497	24.8
36	**Bankers Trust New York**	3,657	7,258	50.4	–1,188	–980	121.2	34,991	55,658	62.9
37	**NCR**	3,514	5,956	59.0	313	412	76.0	1,824	4,500	40.5
38	**K mart[7]**	3,512	32,753	10.7	NA	323	NA	1,217	13,538	9.0
39	**Aluminum Co of America**	3,416	10,910	31.3	1,051	1,367	76.9	4,899	11,541	42.4
40	**American Brands**	3,360	7,265	46.2	310	631	49.1	2,683	11,394	23.5
41	**Colgate-Palmolive**	3,211	5,039	63.7	157	280	56.1	1,672	3,536	47.3
42	**Sara Lee**	3,201	11,718	27.3	190	410	46.3	2,854	6,523	43.8
43	**BankAmerica**	3,195	11,389	28.1	–477	820	D-P	21,268	98,764	21.5
44	**Bank of Boston**	3,114	6,844	45.5	97	70	138.6	6,185[4]	36,492[4]	16.9
45	**Monsanto**	3,091	8,681	35.6	294	679	43.3	2,449	8,604	28.5
46	**Merck**	3,064	6,551	46.8	397	1,495	26.6	2,146	6,757	31.8
47	**Whirlpool[7]**	3,032	6,808	44.5	93	215	43.3	1,944	5,436	35.8
48	**Manufacturers Hanover**	2,996	8,300	36.1	–919	–588	156.3	24,067	60,479	39.8
49	**Caterpillar**	2,993	11,126	26.9	97[10]	968[10]	10.0	2,116	10,926	19.4
50	**Union Carbide**	2,951	8,744	33.7	91	573	15.9	3,250	8,546	38.0
51	**Atlantic Richfield**	2,932	15,351	19.1	119	1,953	6.1	3,986	22,261	17.9
52	**CPC International**	2,844	5,103	55.7	182	334	54.5	2,129	3,705	57.5
53	**GTE**	2,763	17,424	15.9	246	1,417	17.4	4,559	31,986	14.3
54	**PepsiCo**	2,723	15,242	17.9	416	901	46.2	3,070	15,127	20.3
55	**Allied-Signal**	2,603	11,942	21.8	137	528	25.9	2,066	10,132	20.4

[1] From continuing operations before deducting minority interest. [2] Includes other income. [3] Net income before corporate expense. [4] Average assets. [5] Includes excise taxes. [6] Operating income after taxes. [7] Includes proportionate interest in unconsolidated subsidiaries and affiliates. [8] Pretax income. [9] Excludes Canadian operations. [10] Operating profit. [11] Pretax income before corporate expense. D-P: Deficit over profit. P-D: Profit over deficit. NA: Not available.

The 100 largest U.S. multinationals

1989 rank	Company	Revenue Foreign ($mil)	Revenue Total ($mil)	Revenue Foreign as % of total	Net profit[1] Foreign ($mil)	Net profit[1] Total ($mil)	Net profit[1] Foreign as % of total	Assets Foreign ($mil)	Assets Total ($mil)	Assets Foreign as % of total
56	**Pfizer**	2,575	5,672	45.4	451	685	65.8	2,565	8,325	30.8
57	**Salomon**	2,567	8,999	28.5	559	470	118.9	36,422	118,250	30.8
58	**Pan Am**	2,559	3,561	71.9	–159[10]	–307[10]	51.8	NA	2,440	NA
59	**Gillette**	2,471	3,819	64.7	210	285	73.7	1,949	3,114	62.6
60	**Kimberly-Clark**[7]	2,344	6,211	37.7	172	438	39.3	2,112	5,086	41.5
61	**HJ Heinz**	2,328	5,801	40.1	182	440	41.4	1,622	4,002	40.5
62	**Cigna**	2,327	15,654	14.9	–93	458	D-P	6,119	57,779	10.6
63	**McDonald's**	2,219[2]	6,142[2]	36.1	219	727	30.1	3,529	9,175	38.5
64	**Rockwell International**	2,208	12,518	17.6	147	735	20.0	1,768	8,939	19.8
65	**UAL**	2,179	9,794	22.2	NA	324	NA	NA	7,207	NA
66	**WR Grace**	2,129	6,115	34.8	143	257	55.6	1,742	5,619	31.0
67	**TRW**	2,054	7,340	28.0	103	263	39.2	1,471	5,259	28.0
68	**Texas Instruments**	2,047	6,522	31.4	9	292	3.1	1,551	4,804	32.3
69	**American Home Products**	1,992	6,747	29.5	152	1,102	13.8	1,474	5,682	25.9
70	**Warner-Lambert**	1,947	4,196	46.4	162	413	39.2	1,099	2,860	38.4
71	**Deere & Co**	1,902	7,220	26.3	114	380	30.0	1,635	9,145	17.9
72	**Scott Paper**[7]	1,884	5,602	33.6	89	376	23.7	1,796	5,892	30.5
73	**Security Pacific**	1,883	10,018	18.8	95	741	12.8	14,260	83,943	17.0
74	**American Cyanamid**	1,861	4,825	38.6	183	292	62.7	1,225	4,971	24.6
75	**Abbott Laboratories**	1,838	5,380	34.2	125	860	14.5	1,255	4,852	25.9
76	**Phillips Petroleum**	1,835	12,384	14.8	308	219	140.6	2,232	11,256	19.8
77	**Ralston Purina**	1,832	6,658	27.5	68	351	19.4	1,023	4,382	23.3
78	**Borden**	1,824	7,593	24.0	80	–61	P-D	1,559	4,825	32.3
79	**American Family**	1,783	2,438	73.1	94	81	116.0	5,351	6,515	82.1
80	**Sun Company**	1,774	9,805	18.1	–7	98	D-P	2,992	8,699	34.4
81	**PPG Industries**	1,771	5,734	30.9	124	473	26.2	1,677	5,645	29.7
82	**Halliburton**	1,734[2]	5,661[2]	30.6	57	134	42.5	1,124	4,263	26.4
83	**Avon Products**	1,724	3,300	52.2	106	160	66.3	787	2,098	37.5
84	**Honeywell**	1,712	6,059	28.3	117	550	21.3	1,269	5,258	24.1
85	**Kellogg**	1,711	4,652	36.8	125	422	29.6	1,531	3,390	45.2
86	**Dresser Industries**	1,678	3,956	42.4	61	170	35.9	820	3,056	26.8
87	**Quaker Oats**	1,650	5,724	28.8	59	203	29.1	658	3,222	20.4
88	**Merrill Lynch**	1,650	11,335	14.6	–65	–217	30.0	7,884	63,942	12.3
89	**Baxter International**	1,623	7,399	21.9	125	446	28.0	1,435	8,503	16.9
90	**Emerson Electric**	1,621	7,071	22.9	132	588	22.4	1,221	5,408	22.6
91	**International Paper**	1,590	11,378	14.0	98[8]	1,405[8]	7.0	1,984	11,582	17.1
92	**Westinghouse Electric**	1,539	12,844	12.0	68	935	7.3	736	20,314	3.6
93	**Unocal**	1,532[2]	10,381[2]	14.8	351[11]	1,107[11]	31.7	1,669	9,257	18.0
94	**Eli Lilly**	1,517	4,176	36.3	325	940	34.6	1,840	5,848	31.5
95	**AMP**	1,515	2,797	54.2	164	281	58.4	1,141	2,530	45.1
96	**Bank of New York**	1,507	5,497	27.4	–195	51	D-P	11,611	48,856	23.8
97	**Black & Decker**	1,458	3,190	45.7	93	30	310.0	2,298	6,258	36.7
98	**Dun & Bradstreet**	1,428	4,322	33.0	139	586	23.7	1,463	5,184	28.2
99	**Chemical Banking**	1,418	8,227	17.2	–616	–482	127.8	11,466	71,513	16.0
100	**Intel**	1,352	3,127	43.2	331	391	84.7	1,167	3,994	29.2

[1] From continuing operations before deducting minority interest. [2] Includes other income. [3] Net income before corporate expense. [4] Average assets. [5] Includes excise taxes. [6] Operating income after taxes. [7] Includes proportionate interest in unconsolidated subsidiaries and affiliates. [8] Pretax income. [9] Excludes Canadian operations. [10] Operating profit. [11] Pretax income before corporate expense. D-P: Deficit over profit. P-D: Profit over deficit. NA: Not available.

100 U.S.-traded foreign stocks

Buying foreign stocks in the U.S.

DONNA PULINI, a vice president at Citibank's American Depositary Receipts Department in New York, makes the case for ADRS. "Why deal with strange numbers and exchange rates," she asks, "when you can buy directly on the New York Stock Exchange and deal only in U.S. currency?" ADRS, which have been in existence since 1927, eliminate the risks and barriers of language and transfer taxes. Everything is done in U.S. dollars, including dividend payments—although it is important to remember that foreign currency fluctuations will ultimately be reflected in varying dollar values.

Last year a record 3.1 billion ADRS traded hands on the U.S. major exchanges. According to the Securities & Exchange Commission, more than 800 foreign companies from 33 countries now have ADRS trading in the U.S. Even companies in emerging markets, including Turkey and Greece, may issue their first ADRS.

An ADR represents foreign shares that are physically deposited in a custodian bank in a home market. Often a particular ADR issue will represent a multiple of the foreign company's underlying common shares outstanding. For example, one ADR of British Telecommunications (traded on the New York Stock Exchange) represents ten shares of BT's London-traded common. That's important to remember when comparing ADR prices to the foreign market prices reported in some financial publications.

The data below come courtesy of Citibank's ADR Department. Sponsored ADRS are issued by a U.S depositary bank such as Citibank, Morgan Guaranty or the Bank of New York. Such ADRS have a formal agreement between the bank and the foreign company. Unsponsored ADRS may be issued by any depositary bank, and without a formal agreement with the company. The market for sponsored ADRS is more liquid because there is only one bank involved, and greater SEC disclosure requirements.

Actual 1989 earnings and 1990 earnings estimates come courtesy of Lynch, Jones & Ryan's Institutional Brokers Estimate System ADR database.

				EPS					
Exch	Company/business	Country	ADR ($US)	1989 ($)	1990E ($)	1989 P/E	Price/ cash flow	Yield (%)	Ordinary shares per ADR
q	●**ADT Limited**/security svcs, bldg mgmt	Bermuda	31⅞	3.10	3.30	10.3	NA	5.6	10.00
q	●**AEGON NV**/insurance	Netherlands	66⅛	6.55	7.11	10.1	NA	4.6	1.00
q	●**Akzo Group**/chemicals	Netherlands	31	5.86	5.56	5.3	2.92	6.8	0.50
q	●**ASEA AB**/electronics	Sweden	126¾	6.33	7.58	20.0	7.94	1.6	1.00
q	●**Attwoods Plc**/waste management	UK	39⅝	1.90	2.25	20.9	NA	2.1	5.00
n	●**Barclays Plc**/banking	UK	27	2.00	4.72	13.5	NA	6.5	4.00
o	■**BASF Group**/chemicals	Germany	34⅞	4.53	4.58	7.7	3.52	6.9	0.20
o	■**Bayer Group**/chemicals	Germany	174½	22.05	22.32	7.9	4.49	6.9	1.00
n	●**Beazer**/construction	UK	9	1.78	1.45	5.1	2.52	7.8	4.00
o	■**Brierley Investments**/multicompany	New Zealand	2¼	0.22	0.26	10.2	7.89	5.9	2.00
n	●**British Airways Plc**/airline	UK	35	5.40	5.10	6.5	2.68	5.7	10.00
n	●**British Gas Plc**/gas utility	UK	37½	4.00E	4.80	9.4	8.06	6.4	10.00
n	●**British Petroleum**/integrated oil	UK	67½	6.60	5.40	10.2	4.73	6.2	12.00
n	●**British Steel**/steel	UK	25	4.90E	3.80	5.1	3.37	7.2	10.00
n	●**British Telecom**/telecommunications	UK	48¾	5.00E	5.50	9.8	5.55	5.5	10.00
n	●**Broken Hill Prop**/steel, oil, gas	Australia	29	2.44E	2.92	11.9	6.53	3.8	4.00
o	■**BSN-Groupe**/food and household prods	France	30⅜	1.76	1.97	17.2	10.00	2.0	0.20
q	■**Buffelsfontein Gold Mining**/gold, uranium	S Africa	14½	1.39	1.65	10.4	NA	17.5	1.00
a	■**B.A.T Industries Plc**/tobacco, paper, foods	UK	12⅛	1.32	1.30	9.2	8.02	5.5	1.00
n	●**Cable & Wireless**/telecommunications	UK	27¾	1.59E	1.83	17.5	13.59	2.0	3.00

Prices as of May 31, 1990. a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter. q: Nasdaq. ●Sponsored American Depositary Receipt. ■Unsponsored American Depositary Receipt. E: Estimate. NA: Not available.

Sources: Citibank ADR Department; Institutional Brokers Estimate System ADR database, a service of Lynch, Jones & Ryan; FORBES.

100 U.S.-traded foreign stocks

Exch	Company/business	Country	ADR ($US)	EPS 1989 ($)	EPS 1990E ($)	1989 P/E	Price/ cash flow	Yield (%)	Ordinary shares per ADR
q	•**Cadbury Schweppes**/food processing	UK	57½	4.30	4.60	13.4	9.07	4.2	10.00
q	•**Canon**/office equip, optics	Japan	57½	1.70	2.15	33.8	12.40	0.7	5.00
o	■**Cathay Pac Airways**/airline	Hong Kong	6¼	0.75	0.85	8.3	5.78	4.7	5.00
o	■**Cheung Kong**/real estate	Hong Kong	1⅝	0.16	0.19	10.2	9.62	3.1	1.00
o	■**China Light & Power**/gas, electric utility	Hong Kong	1¾	0.16	0.17	10.9	8.54	4.8	1.00
o	■**Cifra**/merchandising	Mexico	1⅛	0.05	NA	21.6	15.00	5.4	1.00
o	•**Continential Group**/tires	Germany	35⅛	3.12	3.34	11.3	4.30	4.2	0.20
o	■**Daimler-Benz Group**/automobiles	Germany	482⅞	30.40	32.44	15.9	6.15	2.3	1.00
q	■**DeBeers Cons Mines**/diamond mining	S Africa	25⅝	1.92	2.63	13.3	NA	4.1	1.00
o	■**Deutsche Bank Group**/banking	Germany	459	26.15E	29.51	17.6	NA	2.8	1.00
o	■**Development Bank Singapore**/banking	Singapore	7¼	0.29	0.34	25.0	NA	0.8	1.00
o	•**Elf Aquitaine Group**/oil, gas, chemicals	France	123	13.67E	15.31	9.0	4.42	4.5	1.00
n	•**Empresa Nacionale de Electric**/elec utility	Spain	22⅝	2.40	2.96	9.4	3.78	4.2	1.00
q	•**LM Ericsson**/telecommunications	Sweden	201⅜	9.14	10.96	22.0	14.70	1.1	1.00
n	•**Fiat Group**/automobiles	Italy	43⅛	5.95E	6.30	7.2	4.43	3.5	5.00
q	•**Fisons**/drugs	UK	24½	1.52	1.80	16.1	13.37	2.2	4.00
o	•**Fletcher Challenge**/forest, paper prods	New Zealand	26¼	3.50	3.30	7.5	4.08	6.2	10.00
o	■**Fuji Heavy Inds**/automobiles	Japan	45	0.28E	0.34	NM	NA	1.2	10.00
q	■**Fuji Photo Film**/photo equip	Japan	54¾	2.56	2.72	21.4	13.02	0.3	2.00
o	■**Fujitsu Ltd**/data process, computer equip	Japan	48¾	1.82E	1.92	26.8	12.04	0.6	5.00
n	•**Glaxo Holdings Plc**/food, drugs, medical equip	UK	26½	1.60	1.86	16.6	13.22	4.2	2.00
o	•**Grand Metropolitan**/multicompany	UK	20¾	1.92	2.22	10.8	7.26	4.0	2.00
o	•**Hafslund Nycomed**/health, personal care	Norway	26½	2.24	2.31	11.8	9.40	0.7	1.00
n	•**Hanson Plc**/multicompany	UK	20⅝	1.60	1.80	12.9	11.14	5.0	5.00
o	■**Heineken NV**/beverages, tobacco	Netherlands	67	5.39	5.76	12.4	5.27	2.7	1.00
n	•**Hitachi Ltd**/electrical equip	Japan	102½	4.00	4.70	25.6	9.31	0.6	10.00
o	■**Hoechst Group**/chemicals	Germany	84¾	11.33	11.29	7.5	4.18	7.1	0.50
n	•**Honda Motor Co Ltd**/autos, motorcycles	Japan	23¾	1.10E	1.24	21.6	8.10	0.8	2.00
o	■**HongKong & Shanghai Bank**/banking	Hong Kong	⅞	0.10	0.11	8.8	NA	7.1	1.00
o	■**Hutchison Whampoa**/multicompany	Hong Kong	7½	0.65	0.75	11.5	9.87	4.9	5.00
n	•**Imperial Chemical Inds**/chemicals	UK	81	9.36	8.68	8.7	5.58	6.1	4.00
q	•**Ito-Yokado Co Ltd**/superstores	Japan	111½	3.72	4.04	30.0	18.39	0.5	4.00
o	■**Jardine Matheson**/holding co	Bermuda	4½	0.32	0.43	14.1	11.76	2.8	1.00
o	•**Keppel**/machinery, engineering	Singapore	8¾	0.25	0.32	35.2	22.22	0.6	2.00
o	■**Kloof Gold Mining**/gold mining	S Africa	9¾	0.32	0.26	30.1	NA	4.8	1.00
o	•**Komatsu Ltd**/heavy-duty equip	Japan	162½	3.80E	4.20	42.8	22.69	0.7	20.00
n	•**Kyocera**/ceramics, electronics, optics	Japan	104¼	2.52E	2.86	41.4	28.89	0.6	2.00
q	•**LVMH**/luxury goods	France	162¾	7.93E	9.34	20.5	17.12	2.0	0.20
o	■**L'Oréal Group**/personal care prods	France	187½	9.16	10.44	20.5	14.26	1.7	0.20
n	•**Manpower**[1]/employment agency	UK	13¾	0.90	0.90	15.3	10.36	1.0	10.00

Prices as of May 31, 1990. [1]Was Blue Arrow. a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter. q: Nasdaq. •Sponsored American Depositary Receipt. ■Unsponsored American Depositary Receipt. E: Estimate. NA: Not available. NM: Not meaningful.

Sources: Citibank ADR Department; Institutional Brokers Estimate System ADR database, a service of Lynch, Jones & Ryan; Forbes.

100 U.S.-traded foreign stocks

Exch	Company/business	Country	ADR ($US)	EPS 1989 ($)	EPS 1990E ($)	1989 P/E	Price/ cash flow	Yield (%)	Ordinary shares per ADR
n	●**Matsushita Elec Industrial**/electronics	Japan	143¾	7.61E	7.78	18.9	10.28	0.6	10.00
o	■**Mitsubishi Electric**/elec, electronics	Japan	66¼	2.20E	2.30	30.1	8.41	0.9	10.00
n	●**Montedison**/chemicals	Italy	17½	1.60E	1.40	10.9	3.66	2.4	10.00
n	●**National Australia**/banking	Australia	25	3.40	3.65	7.4	NA	9.4	5.00
n	●**National Westminster**/banking	UK	36	1.56	6.00	23.1	NA	6.4	6.00
o	●**Neptune Orient Lines**/shipping	Singapore	4½	0.24	0.28	19.0	6.29	2.5	4.00
o	■**Nestlé**/food processing	Switzerland	157¾	11.53	13.03	13.7	8.10	2.2	0.03
n	●**News Corp Ltd**/newspapers, broadcasting	Australia	15½	2.28	1.34	6.8	5.39	1.0	2.00
o	●**Nintendo**/electronics	Japan	34⅝	0.80	0.69	43.2	NA	0.2	0.25
o	●**Nokia**/multicompany	Finland	25¾	1.11	1.74	23.2	6.23	2.7	1.00
q	●**Norsk Data AS**/minicomputers	Norway	6⅞	−1.37E	−0.16	NM	−6.21	0.0	1.00
n	●**Norsk Hydro**/fertilizers, oil, gas, metals	Norway	31⅝	2.04	2.35	15.5	5.96	1.9	1.00
n	●**Novo Nordisk B**/chemicals	Denmark	47⅛	3.78	3.78	12.5	7.89	1.3	1.00
q	●**Pacific Dunlop**/multicompany	Australia	15	1.20	1.32	12.5	8.32	3.9	4.00
o	●**Petrofina SA**/integrated oil, chems	Belgium	34⅜	2.87	3.01	12.0	5.10	4.6	0.10
o	■**Peugeot Group**/automobiles	France	28⅞	7.31	8.07	4.0	2.79	2.9	0.20
n	●**Philips Group**/elec equip, electronics	Netherlands	18⅛	2.64	1.85	6.9	1.99	5.8	1.00
n	●**Pioneer Electronic**/electronics	Japan	79	2.22E	2.50	35.6	29.09	0.3	2.00
n	●**Racal Telecom**/mobil telecomm	UK	63¾	2.00E	3.00	31.9	32.98	0.3	10.00
o	●**Reed Intl**/publishing	UK	29½	2.56E	2.80	11.5	11.10	3.8	4.00
q	●**Reuters Holdings**/intl news service	UK	60⅜	2.25	2.73	26.8	17.10	1.5	3.00
n	●**Royal Dutch Petroleum**/integrated oil	Netherlands	76¾	8.49	7.46	9.0	5.02	5.2	1.00
o	■**Sekisui House Ltd**/home building	Japan	132½	4.10	4.80	32.3	32.22	0.9	10.00
o	■**Siemens Group**/elec, electronics	Germany	85¼	5.36	5.73	15.9	6.39	2.7	0.20
o	■**Sime Derby**/multicompany	Malaysia	1⅝	0.05	0.06	32.5	19.99	2.4	1.00
q	●**SKF Group**/bearings, steel prods	Sweden	27	2.31	2.72	11.7	8.03	2.6	1.00
n	●**SmithKline Beecham**/health, personal care	UK	45⅝	3.15	3.55	14.5	11.90	2.1	5.00
n	●**Sony**/electronics	Japan	56⅝	2.18	2.46	26.0	12.24	0.6	1.00
o	■**STET**/telecommunications	Italy	52½	4.30E	4.90	12.2	2.09	3.1	10.00
o	■**Swire Pacific Ltd**/multicompany	Hong Kong	5	0.50	0.56	10.0	8.30	4.1	2.00
n	●**Telefonica**/telecommunications	Spain	23⅝	1.95	2.20	12.1	2.63	6.7	3.00
q	■**Teléfonos de Mexico**/telecommunications	Mexico	1⅞	0.09	0.18	19.9	11.20	0.3	1.00
o	■**Thyssen Group**/metals, steel	Germany	33¾	4.17	3.99	8.1	4.12	5.5	0.20
q	●**Tokio Marine & Fire**/insurance	Japan	51⅞	0.95E	1.00	54.6	NA	0.5	5.00
q	■**Toyota Motor**/automobiles	Japan	33¼	1.58	1.68	21.0	11.79	0.8	2.00
n	●**Unilever NV**/multicompany	Netherlands	80⅞	6.35	6.93	12.7	9.51	3.1	1.00
o	■**Veitscher Magnesit**/metals nonfer	Austria	19	0.64E	0.72	29.7	19.84	1.8	0.20
o	●**Volkswagen Group**/automobiles	Germany	70⅞	7.07	7.66	10.0	4.52	2.9	0.20
q	●**Volvo AB**/automobiles	Sweden	58¾	9.35	8.44	6.3	4.14	4.3	1.00
o	●**Wellcome**/health, personal care	UK	11¼	0.34	0.44	33.1	23.10	1.1	1.00

Prices as of May 31, 1990. a: American Stock Exchange. n: New York Stock Exchange. o: Over-the-counter. q: Nasdaq. ●Sponsored American Depositary Receipt. ■Unsponsored American Depositary Receipt. E: Estimate. NA: Not available. NM: Not meaningful.

Sources: Citibank ADR Department; Institutional Brokers Estimate System ADR database, a service of Lynch, Jones & Ryan; FORBES.

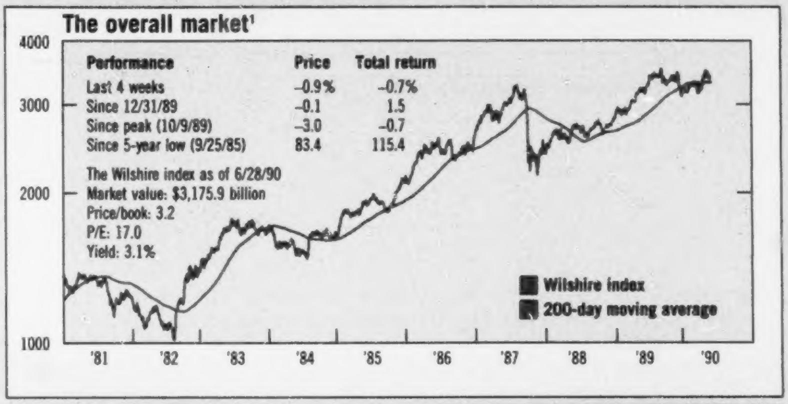
The Forbes Wall Street Review

Edited by Eric S. Hardy

Bad earnings announcements are rolling off the market like water off a duck. "Wall Street is accentuating the positive and shrugging off the negative," says Robert Stovall, president of Stovall/Twenty-First Advisers. "Investors were already expecting lackluster profits in the second quarter, so negative earnings announcements aren't really news to them." No question, individual stocks still take a pounding when earnings fail to live up to expectations, as recently happened to two blue chips—Caterpillar and AT&T. But the overall market is holding up quite well despite surprises like these.

One reason for the relatively strong market in late June, according to Stovall, is that money managers tend to "window dress" their portfolios near the close of a quarter, by lightening up on cash and buying stocks. During the past two weeks stocks gave back a bit of their recent gains. The Dow fell 1.7%, the Wilshire 1.6%. The equally weighted Wilshire index lost only 0.4% in this period—further evidence that the broad market is keeping up with, or in some cases outperforming, the large-capitalization issues that dominate the Dow and S&P 500.

The Wilshire index has now recovered almost all its losses from last January's sharp decline. Through June 28 the index shows a price return of –0.1% and a total return (including reinvested dividends) of 1.5%.



Performance	Price	Total return
Last 4 weeks	–0.9%	–0.7%
Since 12/31/89	–0.1	1.5
Since peak (10/9/89)	–3.0	–0.7
Since 5-year low (9/25/85)	83.4	115.4

The Wilshire index as of 6/28/90
Market value: $3,175.9 billion
Price/book: 3.2
P/E: 17.0
Yield: 3.1%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Topps	24	17%	20	1,479	1.5
Am Barrick Resources	18½	14	54	2,053	0.7
Safeway	14	13	NM	1,382	0.5
Price Co	41[illegible]	13	17	3,824	0.9
Homestake Mining	17⅝	12	29	2,309	0.6

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Consolidated Freight	12⅝	–25%	NM	3,247	1.4
Armco	7¼	–22	5	3,175	1.8
Caterpillar	52⅜	–21	12	11,067	2.8
Sotheby's Holdings	15⅝	–19	8	1,170	0.4
Quantum Chemical	16⅝	–16	2	1,055	0.9

Closeup on the Market

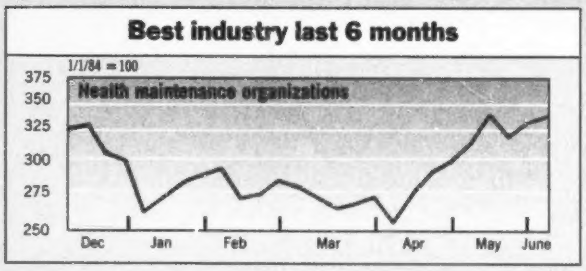
Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,417.43	–1.6%
Wilshire index 6,000 stocks, equal weighted	21.85	–0.4
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,878.71	–1.7
S&P 500 Capitalization weighted cross section, major stocks	357.63	–1.5
NYSE Capitalization weighted, all listed common stocks	195.18	–1.4
Amex Capitalization weighted total return: stocks, warrants	358.57	–1.6
Nasdaq Capitalization weighted, all issues except warrants	460.38	–1.4
Amex international market index Capitalization weighted, 50 largest ADRs	319.11	0.8

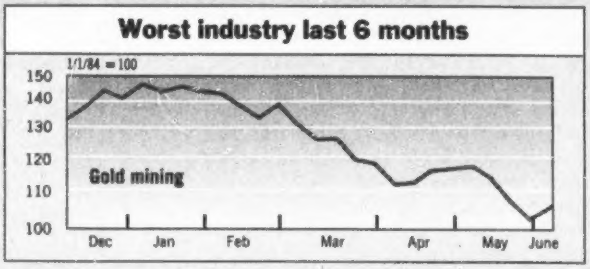
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	909.50	–0.1%
Institutional[5] Approximately 200 stocks with high institutional ownership	117.35	–1.9
Individual[5] Approximately 200 stocks with low institutional ownership	105.69	–0.5
Russell 2000 index 2000 stocks with small market values, capitalization weighted	168.41	–1.3
Gold[6] (composite quote of 6 major dealers)	$354.87	2.9
Yen[6] (per $U.S.)	153.15	–0.6
Commodity index[6] (CRB futures index, 1967 = 100)	235.81	–0.3
Oil[6] (W Texas Intermediate)	$17.15	unchanged
T bills[6] (90 days)	7.73%	9 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 6/28/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Average daily volume over a 2-week period. [3] Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4] Morgan Stanley Capital International Perspective. [5] For period ending 6/29/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6] Knight-Ridder Financial Information. [7] A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

Industry Review

Edited by Gilbert Steedley


Best industry last 6 months


Worst industry last 6 months

Health stocks made some investors well. The two best-performing groups over the last six months were health maintenance organizations and outpatient centers. These industries gained strength on their earnings growth. The third-best-performing group was computer software. Of the biggest software companies (as measured by market capitalization), industry giants Novell and Microsoft each gained more than 75%. Computer Associates International and Lotus Development posted more modest increases. The market's love-hate relationship with gold has again turned to hate. When we looked at industry performance earlier this year *(Jan. 8)*, gold stocks were the strongest group over the prior six-month period. Now the gold mining industry is in the dumps.

Leading Industries

Health maintenance organizations

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
United HealthCare	17	49%	96	94	21
Occupational-Urgent Care	22¾	36	90	92	61
US HealthCare	17⅝	33	94	94	24
PacifiCare Health Sys	24¾	–4	83	98	20
FHP Intl	17¾	–5	69	88	15

Outpatient services

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Medical Care Intl	36¼	62%	95	87	34
Surgical Care Affiliates	28¾	59	97	99	44
New England Critical Care	28¾	34	92	98	39
T Square Medical	26¼	22	91	96	28
Diagnostek	16⅔	15	95	88	43

Computer software

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Novell	52½	85%	95	98	29
Microsoft	74½	77	97	99	35
Autodesk	53½	44	89	97	27
Computer Assocs Intl	15⅛	23	65	94	18
Lotus Development	33¾	18	81	99	17

Lagging Industries

Gold mining

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
Driefontein Consolidated	10⅛	–33%	24	31	15
Placer Dome	14¾	–23	36	57	31
Newmont Gold	40¾	–21	46	96	30
Newmont Mining	42⅜	–11	51	84	23
American Barrick Res	18	5	83	89	53

Real estate investment trusts

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
CRI Liquidating	11¾	–7%	63	60	10
CRI Insured Mortgage Assoc	8⅛	–7	48	34	9
Del-Val Finacial	16⅞	–6	48	60	9
Capstead Mortgage	15½	–5	51	77	7
RPS Realty Trust	6	2	65	81	7

Building

Company	Recent price	6-month price change	Relative rank strength	Relative rank EPS	P/E
PHM	8½	–19%	18	59	4
Standard Pacific LP	11⅞	–14	20	75	3
Kaufman & Broad Home	12⅛	–7	28	84	5
Ryland Group	18½	–1	36	97	6
Universal Medical Buildings LP	5¾	0	63	23	NM

Industries are ranked from 1 (highest) to 197 (lowest) based on the equal-weighted price performance of the companies within the industry group. Relative EPS measures a company's earnings-per-share growth in the last 2 quarters, the last 5 years and the stability of that growth. Relative strength is a stock's daily price change over the last 12 months. For both measurements, stocks are compared with all other stocks and ranked on a scale of 0 to 99, with 99 the highest. Industry group performance is based on 6-month equal-weighted price changes with most recent 3-month results weighted 70%. NM: Not meaningful. All data for periods ending 6/25/90. Source: Investor's Daily, Los Angeles, Calif.

The Contrarian

MONEY & INVESTMENTS

What do you look for when buying small-cap stocks? Exactly the same things you would look for in big-cap stocks.

GETTING READY FOR THE REBOUND

By David Dreman

Small stocks have been disappointing for years. However, they will again have their day, perhaps soon.

If you agree with this, where do you look for small-capitalization stocks to buy? Same place you would look for big-cap stocks. In the low-P/E bargain basement. Over both the last 10 and 20 years, low-P/E stocks in the small-cap universe have sharply outperformed their high-P/E brethren as well as the small-cap indexes. What's more, the smaller low-P/E stocks have also outperformed large companies over the past 10 years, surprising in view of the lackluster performance of small-cap indexes.

My firm did the study that leads to these conclusions in conjunction with Professor Michael Berry of James Madison University. To build our database, we took all the 6,000 companies on the Compustat tapes and divided them by both P/E and market size. In the accompanying table the lowest 20% of stocks—as ranked by price/earnings ratios—are in column one, progressing to the highest 20% in column five. Looking across the table, the lowest 20% of stocks by market value (1989 average, $46 million) are in the top row, the largest 20% ($6 billion) in the bottom row.

Even a glance at the table strengthens the low-P/E case. The lowest-P/E group outperformed the highest group for companies of all five market-size categories. The difference in returns is formidable. Had you invested $10,000 in the lowest P/Es of the lowest market-size group back in 1969, it would have been worth $297,565 last year—more than 13 times as much as the $22,790 for the highest-P/E group. The results are almost as lopsided for companies in the second-lowest market cap range (row two). The lowest 20% of P/Es here provided a 15.7% annual return, versus 7.4% for the highest-P/E group.

Smaller is better

When we divided the Compustat tapes into five equal groups by market size, and also sorted them into five P/E groups, the annual returns (in the five columns below) of the lowest P/Es were significantly better, regardless of the size of the company. These figures cover the 20½ years ended Oct. 31, 1989.

Average market size of company ($mil)					
$46	18.0%	15.3%	10.2%	7.0%	4.1%
127	15.7	13.7	10.0	6.5	7.4
360	17.0	15.1	10.6	7.4	8.2
1,031	13.8	12.9	10.3	8.5	7.1
5,974	13.0	12.4	9.1	10.5	8.7

Moving to the largest stocks—in row five—the lowest-P/E group provided a 13% return, versus 10.7% for the group average and 8.7% for the highest-P/E stocks.

The table also clearly demonstrates that the low-P/E strategy is even more effective as company size is reduced. Returns drop as market size increases, but this is partially offset both by higher transaction costs for small stocks and by greater risk.

The study provides solid backing for an investment strategy in small stocks almost identical to the one I recommend for large-P/E issues. Here are some pointers that should be helpful in following the low-P/E approach for smaller companies.

1) Buy companies that are strong financially, normally no more than 40% debt in the capital structure for a manufacturing firm.

2) Buy companies with increasing and well-protected dividends that also provide an above-market yield.

3) Pick companies with above-average earnings growth rates.

4) Diversify widely: Because smaller-cap stocks have far less liquidity, a good portfolio should contain about twice as many stocks as the equivalent large-cap one.

5) Be patient: Nothing works every year, but when smaller caps click, returns are outstanding.

Here are a number of small-cap stocks I would look at today: *KeyCorp* (27), a bank holding company, has had stringent loan policies. As a result, earnings should be up 10% this year and continue their rising trend. The stock trades at a price/earnings ratio of 8 and yields 4.9%.

Meridian Bancorp (15), the fourth-largest bank holding company in Pennsylvania, recently passed an examination by bank regulators with little increase to reserves. The stock trades at a P/E multiple of 7 and yields 7.6%.

Blair Corp. (37) is a marketer, principally by mail, of men's and women's apparel as well as home furnishings. Company earnings should be up close to 25% from depressed 1989 results, to a new high. The stock trades at a P/E of 11 and yields 4.7%.

Kimball International B (23) manufactures furniture for the business and health care sectors. Income should show better than 10% growth in both fiscal 1990 and 1991 (ending June 30). It trades at a P/E of 11 and yields 2.6%. ■

David Dreman is managing director of Dreman Value Management, L.P., Investment Counsel, New York, and author of The New Contrarian Investment Strategy.

For seven years, there has been little pressure to change gears on tax policy. But 1990 is looming as an inflection point.

TAX HEDGE FOR THE NINETIES

By Charles E. Babin

Now that an economic slowdown and a runaway S&L bailout threaten to blow the federal deficit sky-high, investors have reason to worry that President Bush will break his campaign pledge and raise taxes. A recent *Wall Street Journal*/NBC News poll reported that 89% of surveyed voters foresee an increase this year, with two-thirds of them favoring an income tax hike on the wealthy. If they are right, fixed-income investors should focus on municipal bonds.

When it comes to investment strategy, it pays to keep an eye on tax policy. After all, only aftertax returns count. There's no mystery why muni bonds, with their inferior yields, appeal to upper-income investors: Interest paid on them is exempt from federal taxation. Many escape state and local income tax as well.

The attraction of municipals is tied to their "equivalent" taxable yield (the tax-exempt yield expressed as a pretax equivalent using the investor's marginal tax rate) compared with taxable securities.

Charles E. Babin is managing director of BRS Capital Management, Inc., an investment management firm, in Boston.

Other things being equal, reducing tax rates lowers equivalent yields and narrows the differential between tax-exempt and taxable bonds. The reverse also holds.

When President Reagan took aim at a highly progressive income tax structure in 1981, he succeeded in condensing some dozen brackets and a maximum rate of 70% to three brackets with a top rate of 33%. As shown in the table, the impact on equivalent yields was significant. While muni yields dropped a smidgen from their 1980 level, equivalent yields plummeted. Risk-adjusted, the spread between municipals and Treasury yields was all but erased.

Taxes and muni bond yields

Year	Muni average yield[1]	Marginal tax rate[2]	Equivalent yield	Treasury average yield[3]
1980	6.96%	70%	23.20%	11.41%
1985	8.07	50	16.14	10.63
1989	6.67	33	9.95	8.50

[1] New ten-year AAA general obligations. [2] Maximum statutory tax rate.
[3] New ten-year U.S. Treasury notes. *Yield data source: First Boston.*

For fixed-income investors, failure to get it right on taxes can bag an otherwise sound decision. Imagine an investor who expected his tax rate would average 70% during the 1980s. The choice would have been a "no-brainer." Ex ante, Treasury yields on the order of 23% would have been required to generate the same ten-year income stream. But ex post, results fell short of expectations. The Reagan tax cuts would have lowered his average tax rate to less than 50%, eroding the benefit of tax immunity and scuttling the opportunity to pocket sizable excess income over Treasurys.

What's more, prior to tax reform, the tax rate of indifference—the rate which equalizes aftertax returns and sways decisions—was 39%. Today it's hovering around 22%, suggesting that muni bonds are appealing to taxpayers in the 28% bracket. Had the tax rate of indifference remained constant, muni yields around 5.2% would have been consistent with 1989's average Treasury yield, and muni bondholders would have profited.

What happened to the muni market during the 1980s could flip-flop in the 1990s. The key is a burgeoning federal budget deficit. And on this score, the health of the economy is critical. A robust economy helps the budget by stimulating tax revenue through increased employment and higher incomes, and by reducing outlays for welfare and unemployment-related benefits. The post-1982 economic boom provides a perfect example. Starting from a deficit equal to 6.3% of GNP—the biggest since 1946—the budget crisis improved dramatically by 1989 (2.9% of GNP).

The bottom line is that, for seven years now, there has been little pressure to change gears on tax policy. But 1990 is looming as an inflection point. First-quarter real GNP growth was an anemic 1.9% and the full-year prospect is bleak. Already policymakers, including the President, are worried. They now see a budget spinning out of control. According to Treasury Secretary Nicholas Brady, the impact of the current housing recession on S&Ls alone could add more than $300 billion to the federal deficit during the 1990s.

Just days ago, George Bush admitted that he's having trouble keeping his finger in the tax dike. Even if he sticks with today's income tax rates, incentives to buy muni bonds could improve. Remember, today's max 33% tax rate reverts to 28% when taxable joint income exceeds roughly $160,000 (about $100,000 for single filers). So, the biggest incomes escape the highest tax rate. Ironically, Mr. Bush could increase tax revenue without raising tax rates by eliminating reversion. Longer term, though, it's a good bet rates—and equivalent yields—will move higher. ■

CHINA'S LITTLE [illegible]

SCORE ONE FOR GORDON GETTY

APPLYING LOW-P/E STRATEGY TO INVESTING ABROAD

AUGUST 6, 1990

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

THE BONDMAILERS: YIELD... OR DIE!

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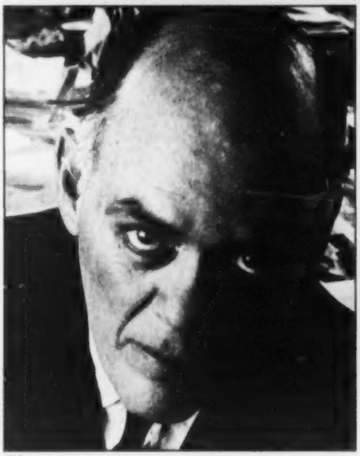
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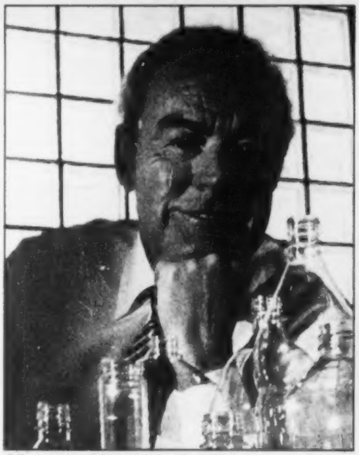

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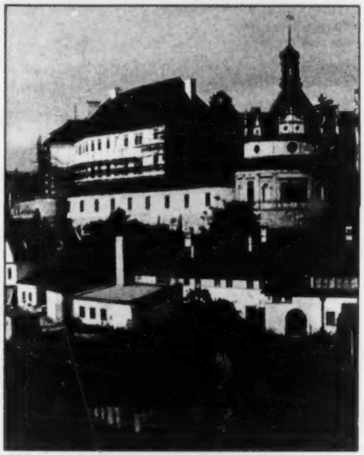

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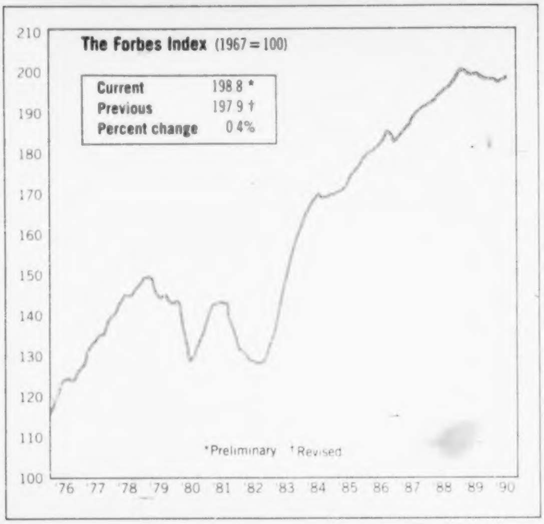
The Forbes Index



Buoyed by strong department store sales, retail volume recovered from a three-month slump to post a 0.5% gain in June. Unemployment fell in June for the third straight month, to 5.2% of the work force, but there may be trouble: The number of new unemployment claims rose 1.8%. After rising less than 0.1% in April, consumer installment credit increased 0.5% in May. The Forbes Index finished May with a 0.2% gain, the best monthly increase since January 1989. The preliminary June figure is up 0.4%, but only two components have been reported.

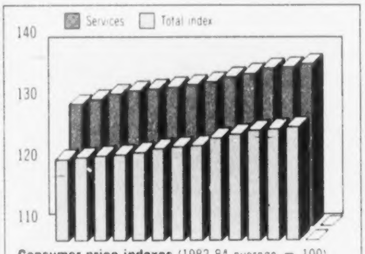
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	-3.7%
Index of leading indicators May vs. April	Dept of Commerce	0.8%
Trade balance last 12 months ending April 1990	Dept of Commerce	-$106 bil
Producer price index June vs. 1989[2]	Dept of Labor	3.1%
GNP 1st quarter vs. 4th—annualized growth	Dept of Commerce	1.9%
NBER Experimental Recession Index[3]	Nat'l Bureau of Economic Research	7.0%

[1] U.S.-based manufacturers, excludes imports, as of 7/10/90 [2] Finished goods. [3] May 1990

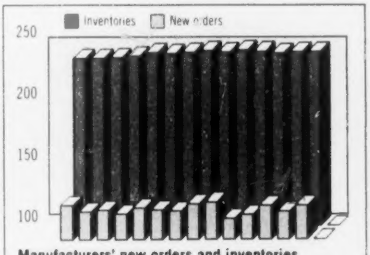
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

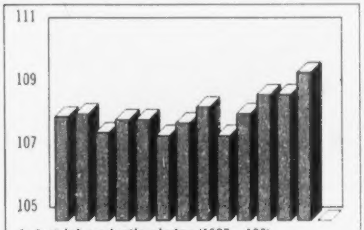
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



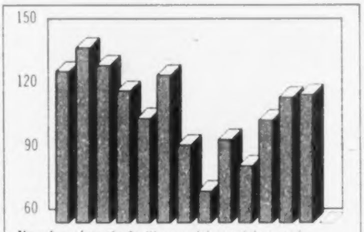
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



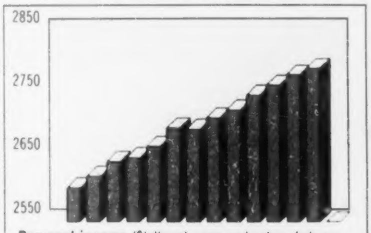
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



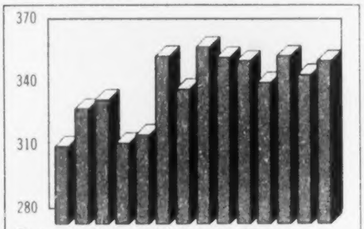
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



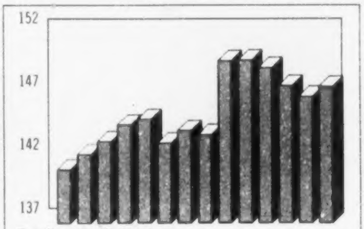
New housing starts (thousands) privately owned unadjusted (Dept. of Commerce)



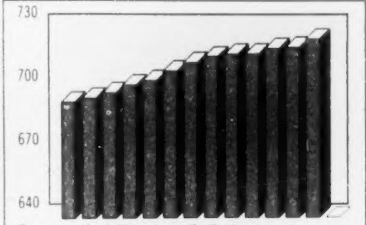
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

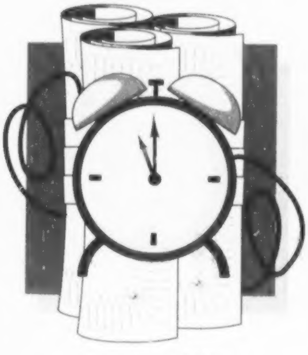
M J J A S O N D J F M A M A
1989 1990

M J J A S O N D J F M A M A
1989 1990

M J J A S O N D J F M A M A
1989 1990

Junk bombs are junk bonds with a built-in time bomb. Some are already exploding.

TICK, TICK, TICK



Andy Christie

By Jason Zweig and David Stix

HOW DID SO MANY Wall Street firms justify their clients' issuing junk bonds in amounts and at interest rates that the clients' earnings could not cover? We're talking here not about run-of-the-mill junkers but of that special kind of junk bond that either paid no cash interest or paid it in some deferred form.

Isn't that close to fraud, selling bonds when you knew you weren't earning enough profits to pay the interest? No, because all the facts were in the prospectuses and because Wall Street is very good at rationalizing whatever fattens its pocketbook.

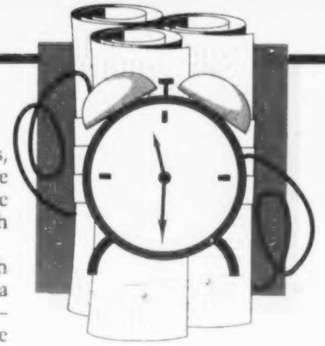
Listen to Joseph Bencivenga, the former head of high-yield research at Drexel Burnham Lambert, who now runs junk research at Salomon Brothers. He says that the aim of issuing bonds beyond a company's ability to service them was "to finance companies so they could grow into their capital structure." Is that a little like borrowing money for a trip to the racetrack in the hope of both paying the creditor and making the debtor rich? It is.

There are three main kinds of these "trigger" bonds:

Kaboom!

With the junk bond craze at its height a few years ago, scores of companies giddily issued "trigger" bonds. Before long, these bonds could detonate. At a predetermined date between now and 1996, the 50 companies listed here will likely be forced to come up with a load of cash to meet the bonds' sharply higher service costs. In some cases, cash interest payments could take up more than 100% of cash flow. Bondholders beware.

Company	Trigger event[1]	Issue size[2] ($mil)	Trigger date yr/mo/date	Current cash flow ($mil)[3] [4]	—Annual cash interest ($mil)— current, on all debt[4]	increase as of trigger date	total as of trigger date[5]	Debt service coverage[6] %
Acadia Markets	PIK: 13.06	85.0	94/8/15	18.9	17.0	11.1	28.1	149
Adams-Russell	Split: 0/16¾	272.5	92/12/30	40.0	39.0	45.7	84.7	211
Adelphia Communications	Split: 0/16½	169.0	92/9/15	140.8	129.0	27.9	156.9	111
Air & Water Technologies	Split: 7½/13¾	84.0	91/4/15	49.1	31.3	5.3	36.6	75
Alco Health	PIK: 18½	42.7	94/10/31	57.6	55.7	7.9	63.6	110
American Standard	Split: 0/14¼	545.9	93/6/30	443.1	219.9	77.8	297.7	67
Ann Taylor	Split: 0/14⅜	167.9	94/1/15	73.4	35.0	24.1	59.1	80
Burlington Holdings	Split: 0/16	271.7	93/10/1	319.9	160.0	43.5	260.8	81
Burlington Holdings	Split: 0/16	358.0	93/10/1	319.9	160.0	57.3	260.8	81
Cablevision Systems	Reset: 12¼/14	200.0	91/5/15	230.0	185.0	3.5	188.5	82



There are payment-in-kind bonds, which pay interest in the form of more bonds in the early years and then—in the sweet bye-and-bye—switch to large cash payments.

There are split-coupon bonds, which generally pay little or no interest for a few years and then promise—promise—to pay extremely high interest in the bond's later years.

There are resets, which pay relatively low interest rates in the early years and then are reset on a predetermined date, usually to a substantially higher rate, depending on market conditions.

Did it make sense to buy bonds issued on this basis? Recalls Wayne Josephson, a high-yield analyst at Fitch Investors Service: "The herd instinct took over the whole investment banking community once again, and everyone seemed to buy the same line." Those whom the gods would destroy they first make mad.

In December 1988, at the tail end of the junk-issuing frenzy, the average yield on junk with cash coupons was around 12.90%, versus 14.85% for junk with deferred coupons—a yield spread of only 190 basis points. As of last month, the yield on cash-paying junk had crept up to 15.25%, but deferred paper was trading at a vertiginous yield of 19.10%.

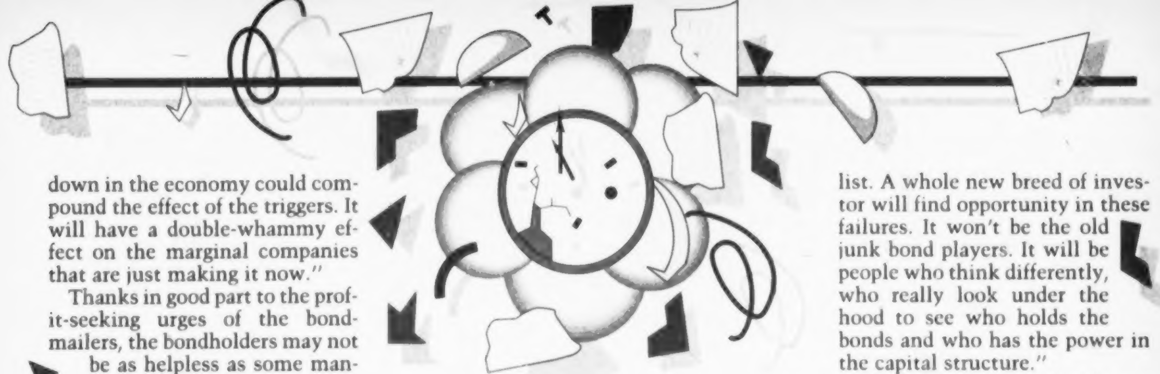
FORBES has identified roughly 200 companies that issued trigger bonds in the late 1980s. That's some $40 billion of junk debt. In 1991 and 1993, two peak years, some $10 billion worth of bonds must begin paying cash interest or be reset to higher rates.

Warns Josephson of Fitch Investors Service, "Any slow-

Company	Trigger event[1]	Issue size[2] ($mil)	Trigger date yr/mo/date	Current cash flow ($mil)[3,4]	—Annual cash interest ($mil)—			Debt service coverage[6] %
					current, on all debt[4]	increase as of trigger date	total as of trigger date[5]	
Calmar Spraying Systems	Split: 0/14	150.0	92/2/15	38.6	15.0	21.0	36.0	93
Charter Medical	Split: 0/13	240.0	91/8/16	281.6	127.0	31.2	158.2	56
Charter Medical	PIK: 15.85	243.3	95/8/15	281.6	127.0	38.6	196.8	70
Cherokee Group	Reset: 9/17½	117.5	92/5/1	34.4	17.5	10.0	27.5	80
Club Car	Split: 10/14½	76.0	92/4/1	15.0	9.0	3.4	12.4	83
Colt Holdings	Split: 0/14¾	920.0	93/7/15	320.5	135.0	135.7	270.7	85
Cullum Co	Split: 0/16	260.0	93/12/1	75.2	30.4	41.6	72.0	94
Dr Pepper/Seven-Up	Split: 0/15½	541.2	93/4/1	199.1	76.2	83.9	160.1	80
Duracell Holdings	Split: 0/13⅛	670.0	93/9/15	287.0	147.0	87.9	234.9	82
Duff & Phelps Funding	PIK: 15	75.0	92/3/1	14.3	5.0	11.2	16.3	113
Eckerd Holdings	Split: 0/13	345.2	91/5/1	230.5	115.7	44.9	160.6	70
Edgcomb Metals	Split: 9/15	138.5	94/8/15	28.6	19.8	8.3	28.1	98
Envirodyne Industries	Split: 0/14½	250.0	94/8/1	106.8	80.0	36.3	116.3	108
EPIC Healthcare	PIK: 11	50.0	95/9/30	93.0	50.0	5.5	55.5	60
Fort Howard	PIK: 14⅝	446.5	94/11/1	458.0	329.0	182.1	511.1	112
Fort Howard	Split: 0/14⅛	827.0	94/11/1	458.0	329.0	182.1	511.1	112
Gaylord Container	Split: 0/16½	125.8	92/5/1	121.0	65.0	20.8	85.8	70
Harcourt Brace Jovanovich	PIK: 14¼	357.0	92/9/15	102.3	247.5	53.0	353.3	345
Harcourt Brace Jovanovich	Split: 0/14¼	358.0	92/9/15	102.3	247.5	52.8	353.3	345
Healthtrust	Split: 0/16½	365.0	91/12/1	274.7	123.3	60.2	196.3	72
Healthtrust	Split: 0/11.6	110.0	91/12/1	274.7	123.3	12.8	196.3	72
Hospital Corp of America	Split: 0/15¾	444.0	91/8/1	903.0	475.0	69.9	545.0	60
Joy Technologies	Reset: 13/15½	120.0	91/11/15	51.1	50.4	3	53.4	104
JPS Textile Group	Split: 0/18¾	160.0	92/6/1	76.9	69.2	30	99.2	129
Kroger	Split: 0/15½	1,375.3	93/10/15	895.8	460.0	213.1	673.0	75

[1] For splits and resets, the number before the slash is the current interest rate. On splits, the number after the slash is rate after trigger date; on resets the number after the slash is the maximum possible interest rate. Maximum rate is used in all subsequent calculations. [2] Amount currently outstanding; many will be larger by trigger date. [3] Earnings before tax, interest, dividends, depreciation and amortization. [4] For most recent 12-month period available. [5] Projected, by adding increase in annual interest payments after trigger date to current annual cash interest payments. [6] Percent of cash flow needed to cover projected annual interest after trigger date. [7] Assuming Viacom reset takes place at 11½%. NM: Not meaningful.

Sources: Donaldson, Lufkin & Jenrette; Fitch Investors Service; IDD Information Services; Indepth Data; Salomon Brothers; Securities Data Corp.



down in the economy could compound the effect of the triggers. It will have a double-whammy effect on the marginal companies that are just making it now."

Thanks in good part to the profit-seeking urges of the bondmailers, the bondholders may not be as helpless as some managements seemed to expect *(see story, p. 74)*. Gregory Smith, president of Indepth Data, an Oklahoma City-based junk bond research firm, helped compile the table accompanying this story. Says Smith: "This is both a watch list and an opportunity list. A whole new breed of investor will find opportunity in these failures. It won't be the old junk bond players. It will be people who think differently, who really look under the hood to see who holds the bonds and who has the power in the capital structure."

RJR Nabisco reset bonds exploded and bondholders screamed. The equity owners, Kohlberg Kravis Roberts, had to put in a lot of additional capital, providing extra protection. The bonds' prices recovered smartly. In danger there is opportunity. ■

Kaboom!

Company	Trigger event[1]	Issue size[2] ($mil)	Trigger date yr/mo/date	Current cash flow ($mil)[3,4]	—Annual cash interest ($mil)— current, on all debt[4]	increase as of trigger date	total as of trigger date[5]	Debt service coverage[6] %
Macy Merger	Split: 0/16	881.1	93/7/15	730.9	589.8	141.0	739.9	101
Malrite Communications	Split: 0/15¼	167.0	94/2/15	18.0	12.0	25.5	37.5	208
Maryland Cable	Split: 0/15⅜	162.4	93/11/15	15.7	9.6	25.0	34.6	220
Morse Shoe	Split: 8¼/16	221.0	91/3/15	47.9	32.7	17.1	49.8	104
MS/Essex Holdings	Split: 0/16	342.0	95/11/15	110.7	35.9	54.7	90.6	82
Musicland Stores	Split: 12/14¾	53.5	91/9/30	85.1	42.7	1.5	44.2	52
National Gypsum	Split: 0/15½	572.7	91/7/1	126.1	77.5	88.8	166.3	132
Owens-Illinois	Split: 0/15	400.0	93/6/1	719.5	418.5	60.0	576.9	80
Owens-Illinois	PIK: 14½	678.6	93/6/1	719.5	418.5	98.4	576.9	80
PA Holdings	Reset: 12¾/15	235.0	90/8/15	157.5	121.0	5.3	126.3	80
PA Holdings	PIK: 13¼	120.0	93/8/15	157.5	121.0	15.9	142.2	90
Panhandle Eastern	Reset: 11⅝/14⅛	300.0	91/8/1	694.4	448.8	7.5	456.3	66
Playtex Apparel	Split: 9/14	182.0	94/4/1	79.3	40.0	9.1	49.1	62
Reliance Electric	Split: 0/14	393.0	92/4/1	231.0	50.0	55.0	105.0	45
SSC Holdings	Reset: 12½/15	125.0	91/7/15	241.8	132.5	3.1	135.6	56
Supermarkets General	Split: 0/13⅛	182.6	92/10/5	326.5	180.0	24.0	204.0	62
Supermarkets General	PIK: 12⅝	320.0	92/12/15	326.5	180.4	40.4	244.8	75
Tonka	PIK: 17¼	120.1	92/12/1	153.0	77.0	20.7	97.7	64
Triad Systems	Reset: 14/16½	80.0	92/8/1	29.1	11.0	2.0	13.0	45
TW Services	Split: 0/17	712.1	94/11/1	396.3	174.5	121.1	295.6	75
TWA	PIK: 12	391.3	90/9/30	11.4	366.2	47.0	413.2	NM
TWA	PIK: 12	250.7	90/10/24	11.4	366.2	30.1	443.4	NM
USG	PIK: 16	337.7	93/7/16	416.0	251.0	54.0	305.0	73
Viacom	Split: 0/14¾	399.5	91/6/15	341.9	169.1	58.9	228.0	67
Viacom	Reset: 11½/no maximum	193.0	91/7/15	341.9	169.1	—	228.0	67[7]
Viacom	PIK: 15½	340.3	93/6/30	341.9	169.1	52.8	280.8	82

[1] For splits and resets, the number before the slash is the current interest rate. On splits, the number after the slash is rate after trigger date; on resets the number after the slash is the maximum possible interest rate. Maximum rate is used in all subsequent calculations. [2] Amount currently outstanding; many will be larger by trigger date. [3] Earnings before tax, interest, dividends, depreciation and amortization. [4] For most recent 12-month period available. [5] Projected, by adding increase in annual interest payments after trigger date to current annual cash interest payments. [6] Percent of cash flow needed to cover projected annual interest after trigger date. [7] Assuming Viacom reset takes place at 11½%. NM: Not meaningful.

Sources: Donaldson, Lufkin & Jenrette; Fitch Investors Service; IDD Information Services; Indepth Data; Salomon Brothers; Securities Data Corp.

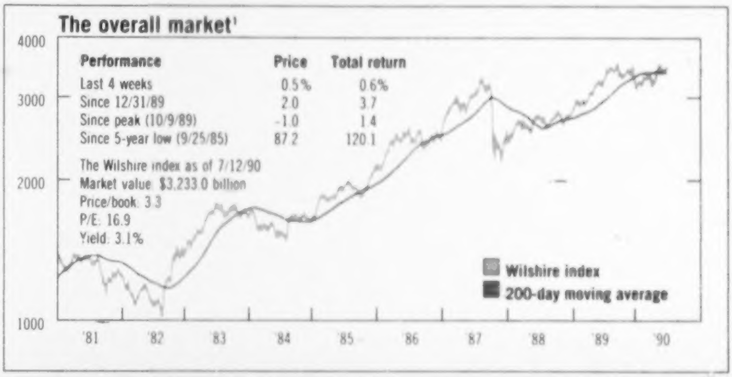
The Forbes Wall Street Review

By Eric S. Hardy

"Stock prices should go higher not because earnings are great but because the market thrives on lower interest rates," says John D. Connolly, chief investment strategist at Dean Witter. Connolly believes interest rates will be lowered by a higher U.S. savings rate and reduced credit demand. As a result, he expects the yield of the S&P 500, currently at 3.4%, to soon decline to around 3%, putting the Dow at about 3300.

Although the housing market is showing no signs of recovery, Robert Curran, who follows the industry for Merrill Lynch, is recommending some stocks that are peripherally involved in the housing business. He likes Lowe's (a retailer that sells home-building supplies) and PPG Industries, which makes glass for both the automotive and housing markets.

Utility and natural gas stocks are often bought by risk-averse investors seeking nice yields and relatively steady prices. Nevertheless, two of the most volatile stocks during the past two weeks were in these industries. Contel (a telephone utility) shot up 39% when it agreed to merge with GTE. Natural gas distributor Panhandle Eastern dropped 23% because of speculation that it would "review" its dividend policy at the board meeting scheduled for late July. The stock currently has a double-digit yield, but there's a good chance the $2 annual payout will be reduced.



The overall market[1]

Performance	Price	Total return
Last 4 weeks	0.5%	0.6%
Since 12/31/89	2.0	3.7
Since peak (10/9/89)	-1.0	1.4
Since 5-year low (9/25/85)	87.2	120.1

The Wilshire index as of 7/12/90
Market value: $3,233.0 billion
Price/book: 3.3
P/E: 16.9
Yield: 3.1%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Contel	35⅛	39%	21	7,770	2.5
General Instrument	46⅛	29	15	9,128	6.7
TJX Cos	16¼	25	NM	2,602	0.8
McDonnell Douglas	43⅜	22	33	2,372	2.2
Acuson	46¼	20	27	765	1.3

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Computer Assoc Intl	10⅛	-34%	12	5,815	1.1
Panhandle Eastern	18⅛	-23	21	9,874	2.4
Mentor Graphics	17	-23	14	11,571	2.2
TCBY Enterprises	14⅜	-23	13	5,248	1.8
Signet Banking	18⅜	-19	4	1,224	3.0

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,488.21	2.1%
Wilshire index 6,000 stocks, equal weighted	22.02	1.0
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,969.80	3.2
S&P 500 Capitalization weighted cross section, major stocks	365.44	2.2
NYSE Capitalization weighted, all listed common stocks	199.32	2.1
Amex Capitalization weighted total return: stocks, warrants	362.23	1.0
Nasdaq Capitalization weighted, all issues except warrants	467.17	1.5
Amex international market index Capitalization weighted, 50 largest ADRs	330.39	3.5

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	930.40	2.3%
Institutional[5] Approximately 200 stocks with high institutional ownership	119.59	1.7
Individual[5] Approximately 200 stocks with low institutional ownership	106.19	0.5
Russell 2000 index 2000 stocks with small market values, capitalization weighted	169.43	0.6
Gold[6] (composite quote of 6 major dealers)	$358.30	1.0
Yen[6] (per $U.S.)	147.50	-3.7
Commodity index[6] (CRB futures index, 1967 = 100)	233.55	-1.0
Oil[6] (W Texas Intermediate)	$18.45	7.6
T bills[6] (90 days)	7.65%	-8 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 7/12/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Average daily volume over a 2-week period. [3]Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4]Morgan Stanley Capital International Perspective. [5]For period ending 7/13/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6]Knight-Ridder Financial Information. [7]A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

New Issues Review

By Robert Balancia

The biggest[1]

Company/business	Exchange	Offer date	Offer price	Recent price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
Transatlantic Holdings/fire, marine ins	N	6/15/90	27	27¾	$157	Goldman Sachs	3%	104%
Safeway/supermarkets	N	4/25/90	11¼	14⅜	90	Goldman Sachs	27	119
Fingerhut/mail order catalog	N	4/25/90	16½	21¾	83	Smith Barney	32	122
Pool Energy Svcs/oilfield svcs	O	4/17/90	10¼	12⅛	82	Shearson Lehman	21	113
RMI Titanium/titanium prods	N	4/12/90	12½	11¼	75	First Boston	−10	84
Chiles Offshore/oilfield svcs	A	5/24/90	14½	11⅛	73	Bear Stearns	−21	79
Mid-Am Waste Sys/waste mgmt svcs	O	5/18/90	24	38⅝	72	Alex Brown & Sons	61	159
Horsehead Res Develop/metals	O	6/29/90	14½	18	47	Kidder Peabody	24	124
Granite Construction/construction	O	4/20/90	17	23¾	43	Smith Barney	40	131
Mr Coffee/mfr coffeemakers	O	5/31/90	10	14⅝	40	Alex Brown & Sons	47	148

Performance Update

In the past 12 months, underwriters of new issues raised more money, $472 million, for oil and gas explorers than for any other industry. Although it is a far cry from the frenzied underwriting of energy stocks during the late 1970s and early 1980s, it does signal a renewed interest in this sector. During the past quarter two of the largest new issues were oilfield service firms. The largest is Pool Energy Services of Houston, an $82 million deal underwritten by Shearson Lehman.

Waste disposal is another hot area. Two stocks in this sector, Mid-American Waste Systems and Sanifill, were among the best-performing new issues of the past quarter. Both were underwritten by Alex. Brown & Sons.

Safeway Stores was the second-largest IPO during the quarter. It had been taken private by Kohlberg Kravis Roberts in 1986. At the time of its LBO Safeway had revenues of $20.3 billion and 2,284 stores. Safeway sold assets to pay for its buyout. It now has 1,117 stores and revenues of $14.3 billion.

Newark N.J.-based Securities Data Co., the firm that provided the information in the accompanying tables, reports that the amount of money raised in the second quarter (excluding small offerings; see footnote) increased from $1 billion in 1989 to $1.6 billion in 1990.

The best[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
Sanifill/waste mgmt svcs	9½	$19	Alex Brown & Sons	113%	199%
Sullivan Dental Prods/dental prods	10	10	Dain Bosworth	88	178
Fleer/confection goods	15	26	Smith Barney	70	172
Mid-Am Waste/waste mgmt svcs	24	72	Alex Brown & Sons	61	159
RasterOps/imaging prods	12	22	Robertson Stephens	58	152

The worst[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
Gensia Pharm/pharmaceuticals	11	$31	Alex Brown & Sons	−25%	77%
Immune Response/med research	7	15	Dillon Read	−23	72
Curragh Resources/mining	10	25	Morgan Stanley	−23	78
Chiles Offshore/oilfield svcs	14½	73	Bear Stearns	−22	79
Wahlco Environ Sys/filter prods	13	23	Prudential Bache	−12	82

The most active investment bankers[3]

Underwriter	Total offerings	Total raised ($mil)
Goldman Sachs	13	$1,237
Alex Brown & Sons	23	580
First Boston	6	509
Lehman Brothers	6	444
Morgan Stanley	8	362

Industries going public[3]

Industry	Total offerings	Total raised ($mil)
Oil & gas exploration	5	$472
Magazine publishing	1	420
Typewriters	1	252
Computer systems	7	224
Audio records	1	224

Notes: Initial public offerings of common equities with offer date of 4/1/90 to 6/30/90, offering price of $2.50 or more and offering value of $5 million or more. Closed-end funds, limited partnerships, and ADS (American Depositary Shares) of corporations already traded in foreign countries are excluded, as are REITS and spinoffs. [1]Last quarter. [2]The ending value of $100 invested in the stock, divided by the ending value of $1 invested in the market. [3]Latest 12 months. Source: Securities Data Co.

**DON PETERSEN:
WHAT AILS
U.S. INDUSTRY**

**TEN STOCKS
FOR NERVOUS
INVESTORS**

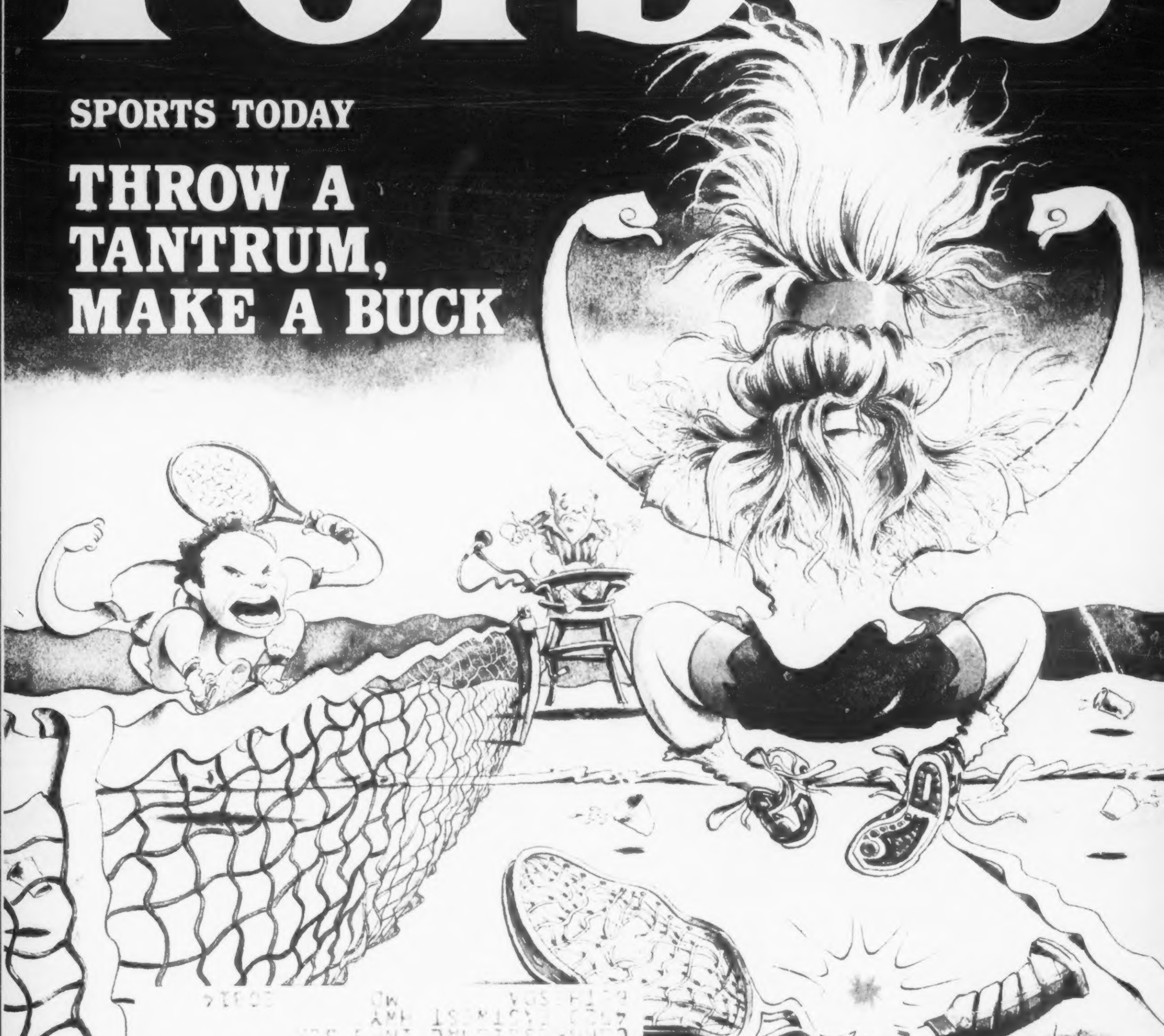
**THE WORLD'S
30 HIGHEST-PAID
ATHLETES**

AUGUST 20, 1990
THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

SPORTS TODAY

THROW A TANTRUM, MAKE A BUCK



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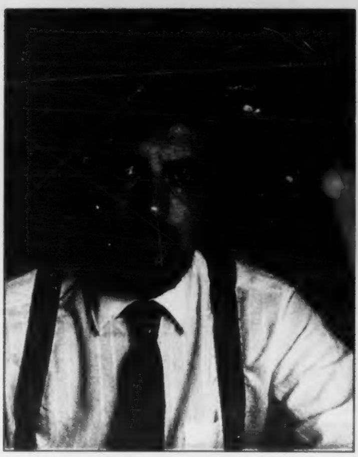

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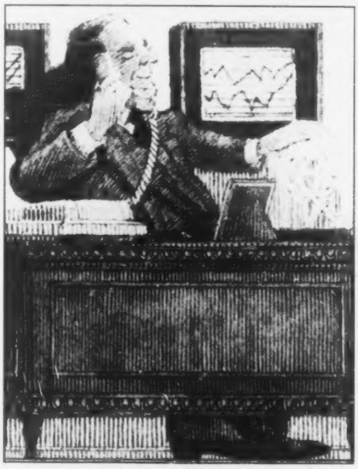

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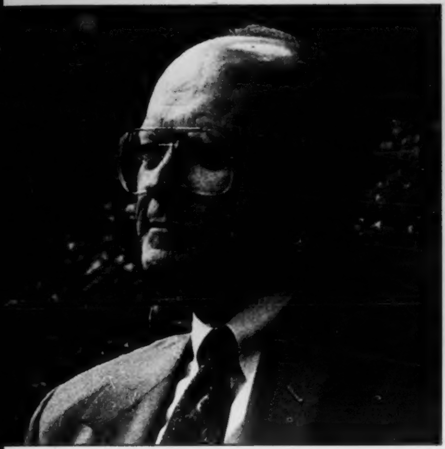

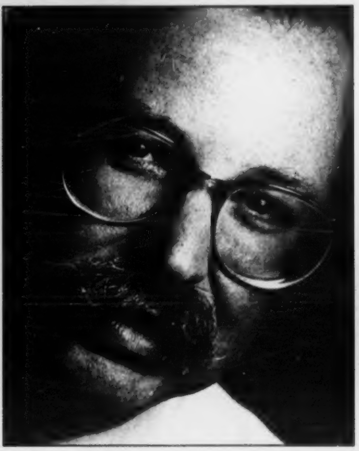

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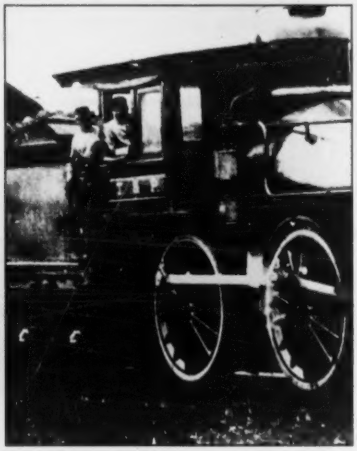

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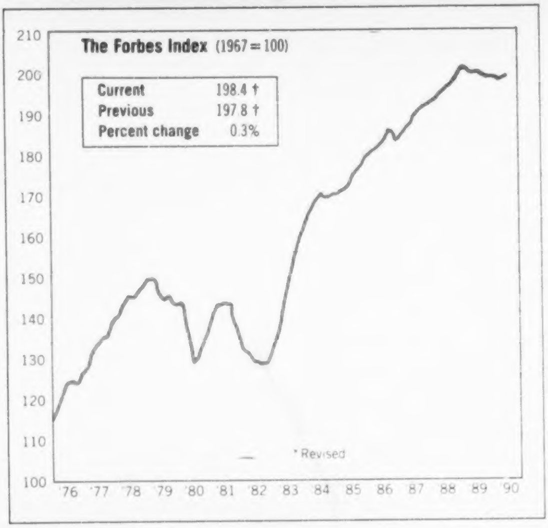
Cover illustration by Michael Witte

The Forbes Index



The Consumer Price Index increased 0.5% in June. The main culprit was a 0.9% jump in the cost of services, a component that now makes up more than half of the market basket that is used for the cost of living index. The home building industry remains in a severe slump. The latest 12-month total of new housing starts is the lowest it has been since April 1983, which was near the end of the last recession. Industrial production increased 0.5% in June. Factories are now operating at 83.5% of capacity, but manufacturers' new orders for durable goods fell 3.2%.

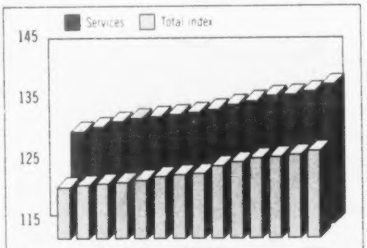
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	–4.3%
Index of leading indicators May vs. April	Dept of Commerce	0.8%
Trade balance 12 months ended May 1990	Dept of Commerce	–$104 bil
Producer price index June vs. 1989[2]	Dept of Labor	3.1%
GNP 2nd quarter vs. 1st—annualized growth	Dept of Commerce	1.2%
NBER Experimental Recession Probability Index[3]	Natl Bureau of Economic Research	7.0%

[1] U.S.-based manufacturers, excludes imports, as of 7/20/90. [2] Finished goods. [3] May 1990.

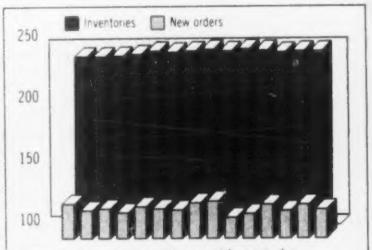
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

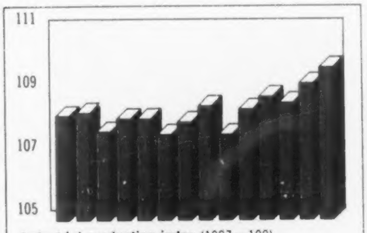
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



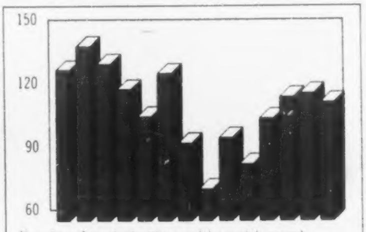
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



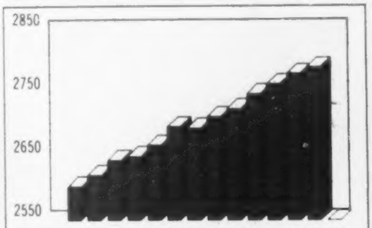
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



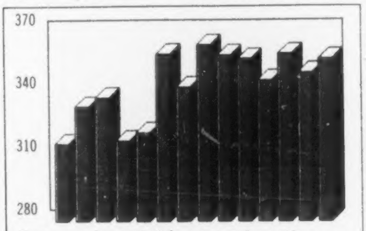
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



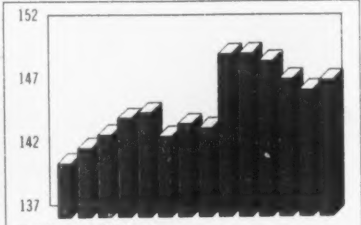
New housing starts (thousands) privately owned unadjusted (Dept. of Commerce)



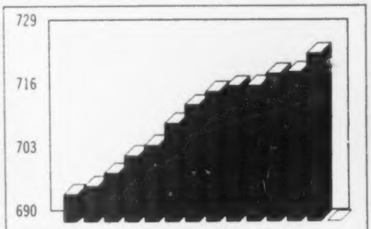
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

M J J A S O N D J F M A M J
1989 1990

M J J A S O N D J F M A M J
1989 1990

M J J A S O N D J F M A M J
1989 1990

Our athletic heroes were once expected to be clean-living, reasonably modest chaps. Today it often pays them to be obnoxious.

Throw a tantrum, sign a contract

Culver

Notre Dame star Knute Rockne
Cash in on the sport? Never.

**By Peter Newcomb
and Christopher Palmeri**

TIMES HAVE SURE CHANGED—and nothing reflects shifting popular tastes better than the movies. Maybe you've seen on TV the 1940 movie *Knute Rockne: All-American.* Pat O'Brien plays the legendary Notre Dame football player and coach. He plays him as a wholesome, I'm-not-in-it-for-the-money personality. A businessman offers the coach $10,000 a year—very big money in those days—to endorse a new liniment to be called Rockne Rub. O'Brien/Rockne tosses the offer into a wastebasket. Trivialize the sport? Cash in on it? Never.

There aren't many Rocknes anymore, and if there were most people would think they were kind of dumb. Nowadays, sports figures chase the bucks, no apologies. The 30 highest-paid athletes in the world will make a total of about $230 million this year. Over one-third the income will come from pitching products, not from hitting balls.

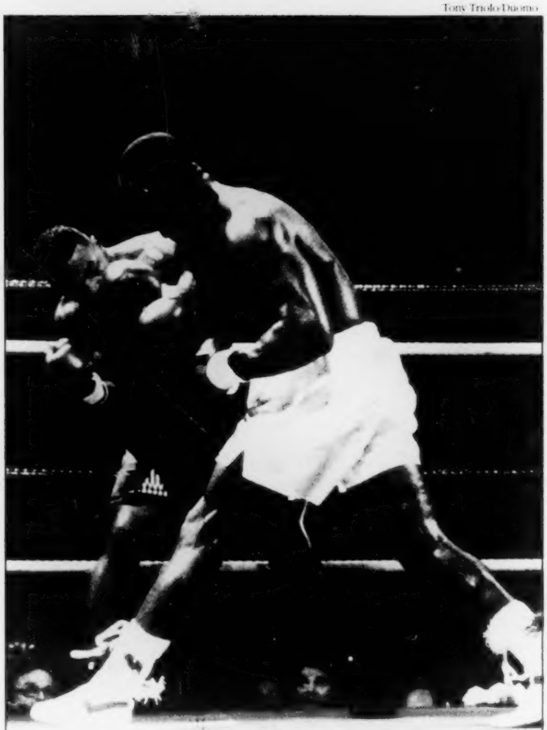
If that's the way the game is played, let's see what the score is. FORBES has compiled yet another list, this one of the top-earning athletes. Who are the biggest winners? Most play individual sports, not team sports. One race car driver, Ayrton Senna, will make more money this year than the starting lineup of the Boston Celtics.

Performing solo, individual athletes have become instantly recognizable all around the globe—and instant recognition is what marketing people want when they get sports stars to endorse their products. Thanks in good part to television and satellite transmission, the sports star who is recognizable in Oklahoma City is equally so in Osaka or Oslo. Las Vegas-born tennis player Andre Agassi pushes Ebel wristwatches in Europe, Mike Tyson peddles Toyota trucks in Japan and Australian golfer Greg Norman pitches McDonald's hamburgers in the U.S. "Tennis players and golfers are especially marketable internationally because they play around the world," says Philip de Picciotto, managing director of Advantage International, a Washington, D.C.-based sports agent.

Perhaps the biggest surprise on this year's list is the dramatic earning power of Formula One race car drivers. When it comes to Formula One, which is like the Indianapolis 500 on a more twisty track, companies such as Honda and Ferrari each spend upwards of $50 million a year on teams. That has made Formula One stars among the richest young men in Europe. For instance, Nigel Mansell, who races for Ferrari, makes $6 million a year and has his own Ferrari dealership in England. Alain Prost and another driver bought a golf course in France. Of course, there are occupational hazards. Ayrton Senna might not be able to spend much of his $9 million salary this year if his next spin through Monte Carlo ends in a 200mph ball of fire.

Besides being more readily recognizable, individual athletes enjoy other business advantages over team players. For one thing, golfers, tennis players and race car drivers are allowed to wear company logos when

Tony Triolo/Duomo



Boxers Mike Tyson and Buster Douglas
Tyson's troubles scared Pepsi away.

The money stats

On FORBES' list of the world's 30 highest-paid athletes, the first money column indicates a player's 1990 salary, including signing bonuses paid this year or his anticipated annual winnings for the year. Estimates of endorsement income, along with fees paid for exhibition games and other appearances, are shown in the "other income" column. Excluded, however, is any money that stars make from businesses they own. Arnold Palmer and Jack Nicklaus, for example, run golf-course-design businesses, licensing companies—and, in Palmer's case, car dealerships—that easily push their yearly earnings to more than $20 million each.

Rank	Athlete	Sport	Salary or winnings ($million)	Other income ($million)	Total ($million)
1	**Tyson, Mike**	*boxing*	$27.0	$1.6	$28.6
2	**Douglas, Buster**	*boxing*	25.0	1.0	26.0
3	**Leonard, Sugar Ray**	*boxing*	12.0	1.0	13.0
4	**Senna, Ayrton**	*auto racing*	9.0	1.0	10.0
5	**Prost, Alain**	*auto racing*	8.0	1.0	9.0
6	**Nicklaus, Jack**	*golf*	0.6	8.0	8.6
7	**Norman, Greg**	*golf*	1.5	7.0	8.5
8	**Jordan, Michael**	*basketball*	2.1	6.0	8.1
9	**Palmer, Arnold**	*golf*	0.1	8.0	8.1
10	**Holyfield, Evander**	*boxing*	8.0	0.1	8.1
11	**Becker, Boris**	*tennis*	1.2	6.0	7.2
12	**Mansell, Nigel**	*auto racing*	6.0	1.0	7.0
13	**Graf, Steffi**	*tennis*	1.1	5.0	6.1
14	**Canseco, Jose**	*baseball*	5.5	0.5	6.0
15	**Gretsky, Wayne**	*hockey*	3.0	3.0	6.0

they compete; athletes in team uniforms cannot. Athletes playing team sports are often forbidden to ply their trade in the off-season. "We've been trying for a while to get Magic Johnson and Michael Jordan to play one-on-one, but the National Basketball Association won't allow it," complains Lon Rosen, Johnson's agent. Too bad. Such a matchup might bring Johnson and Jordan $1 million apiece.

But, yes, team players can make a buck. Take basketball's all-star guard Michael Jordan. On top of his $2.5 million salary, Jordan will make more than $6 million this year in endorsements. Jordan's acrobatic slam dunks and off-the-court social grace have made him one of the most bankable faces in sports. He's seen on the Wheaties cereal box, in TV commercials for Coca-Cola and McDonald's and in a multitude of public service spots.

Stephen Munday/Allsport

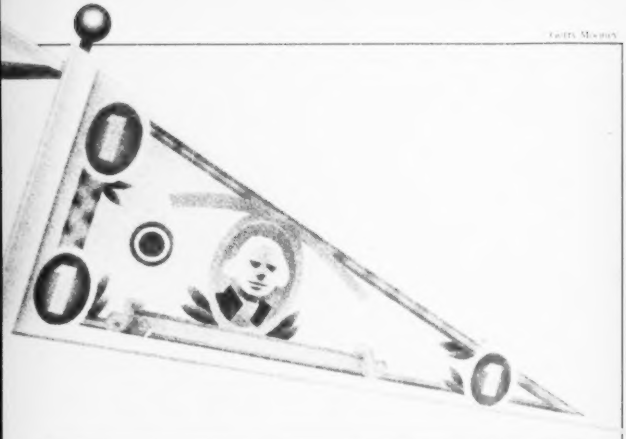
Golfer Hale Irwin at the 1990 U.S. Open
Too animated for the stately game?

Jordan's deal with Nike is the single most lucrative endorsement contract in sports. Nike named a sneaker after him, the Air Jordan, and it has become one of America's bestselling basketball shoes—at around $125 a pair.

Why are some sports figures more endorsement-worthy than others? Why Jordan, for instance? It helps a lot if the athlete has readily distinguishable personality traits; Jordan certainly does. But he also distinguished himself in the mid-1980s in the NBA's annual slam dunk contest. Other athletes set themselves apart from the pack in ways that can be considered obnoxious.

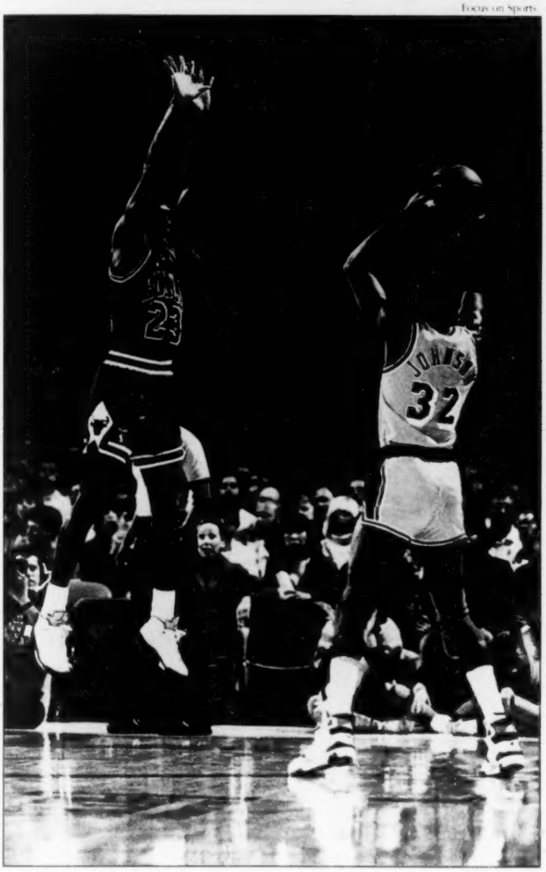
Take 20-year-old Andre Agassi, one of the most talked-about young players in tennis today. Here's the scene in this year's French Open, just after Agassi has missed a shot. In anger, he stomps on his racket, breaking it to pieces. Then, his blond mane flowing, he coolly walks off the court, reaches into his tennis bag, pulls out another racket, and breaks that, too. Grasping a third racket, he

Gerry Mooney



Rank	Athlete	Sport	Salary or winnings	Other income	Total
			($million)		
16	**Agassi, Andre**	*tennis*	$1.0	$4.5	$5.5
17	**Egberg, Stefan**	*tennis*	1.5	4.0	5.5
18	**Lendl, Ivan**	*tennis*	1.3	4.0	5.3
19	**Maradona, Diego**	*soccer*	2.0	3.0	5.0
20	**Mattingly, Don**	*baseball*	4.5	0.3	4.8
21	**Jackson, Bo**	*baseball football*	2.0	2.5	4.5
22	**Sabatini, Gabriela**	*tennis*	0.5	4.0	4.5
23	**Johnson, Magic**	*basketball*	2.5	2.0	4.5
24	**Yount, Robin**	*baseball*	4.2	0.3	4.5
25	**Montana, Joe**	*football*	1.4	3.0	4.4
26	**Ewing, Patrick**	*basketball*	3.6	0.6	4.2
27	**LeMond, Greg**	*cycling*	1.7	2.5	4.2
28	**Berger, Gerhard**	*auto racing*	3.0	1.0	4.0
29	**Strange, Curtis**	*golf*	0.8	3.0	3.8
30	**Clark, Will**	*baseball*	3.7	0.1	3.8

Focus on Sports



Hoopsters Michael Jordan and Magic Johnson
Why not let them play one-on-one for $2 million?

heads back to face his bewildered opponent.

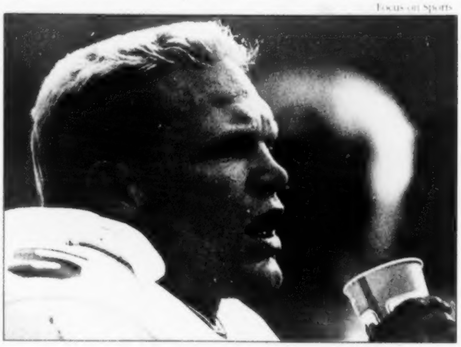
How did the fans take this tantrum and display of poor sportsmanship? They jeered. But they keep coming back to watch him. In an age of unabashed individualism, here is a guy who knows how to assert himself. Agassi has skipped Wimbledon, the world's most prestigious tournament, for the past four years. Perhaps Wimbledon—where players are required to wear tennis whites, rather than the flashy neon garb that Agassi endorses—doesn't fit into the young star's marketing plan.

"America loves a guy who can make the big bucks and then thumb his nose at the world," says Columbus, Ohio sports psychologist William Beausay. "Society has changed over the last 30 years. We went from a society where people had respect for one another to one where the primary concern is for oneself. The athlete of today reflects that change."

That's a harsh judgment, but there's some truth in it. With his trademark bad manners in an age when bad manners aren't much frowned upon, Agassi has become a celebrity. Celebrity means money. Belgium's Donnay pays Agassi more than $1 million a year for the use of his name and face to draw attention to its tennis rackets. Nike has just re-signed Agassi, tantrums and all, to an estimated $2 million-a-year contract to endorse its sneakers and apparel.

Modesty is out, arrogance is in. Just watch any sporting event and you'll see the latest in aggressive exuberance: high-fives and low-fives, forearm bashes and finger-pointing. It was once considered rude for football players to prance around the end zone after a touchdown. But these days at NFL games such dances are routinely performed by players, and the displays appear to have been carefully choreographed. Far from being shocked, the sports voyeurs love it.

Focus on Sports



Football has-been Brian Bosworth
Great haircut, disappointing player.

Golf, perhaps the last bastion

of genteel sportsmanship, got a taste of unrestrained behavior in June. Hale Irwin sank a 45-foot putt on the 18th green at the U.S. Open. As the putt fell, the 45-year-old Irwin took off on a sprint around the green, slapping high-fives with anyone in the audience who dared or cared to join him. Irwin's antics raised his profile considerably, and that should do wonders for his marketability.

Former Seattle Seahawks linebacker Brian Bosworth first made a name for himself at the University of Oklahoma, where he was known as much for his Mohawk haircut and his admitted use of steroids as for his prowess on the field. In the NFL, Bosworth's abbreviated career was a big disappointment, but he was a standout showman, the prototypical angry young man. "Brian's a bad boy, and I do think that sells," says Gary Wichard, Bosworth's agent. It seems to. After endorsing Gillette's Right Guard deodorant in television ads, Bosworth now plans to star in an action film called *The Brotherhood*, due out early next year.

There was always a strain of the showoff in our sports stars. Fifty-eight years ago in the World Series at Chicago's

The squeeze on sponsorships

This year alone, companies are expected to spend $1.7 billion backing golf tournaments, tennis matches and the like, up threefold since 1985, according to Chicago-based International Events Group, Inc. But the growth has begun to slow. The cost of sponsoring premier events has risen sharply over the past few years, mainly as a result of competitive bidding among companies for the most desirable tourneys. Meanwhile, various financial constraints are beginning to pinch companies' promotion budgets.

Ashland Oil's Valvoline motor oil division didn't sponsor a Nascar racing team this year, after ten years with the circuit. Manufacturers Hanover, burdened with bad loans, ended a ten-year tradition of sponsoring golf's prestigious Westchester Classic. RJR Nabisco, leveraged to the eyeballs, announced it is all but entirely pulling out of PGA golf sponsorship next year—an event dear to the heart of departed RJR boss Ross Johnson. The move will likely save the company in excess of $10 million a year.

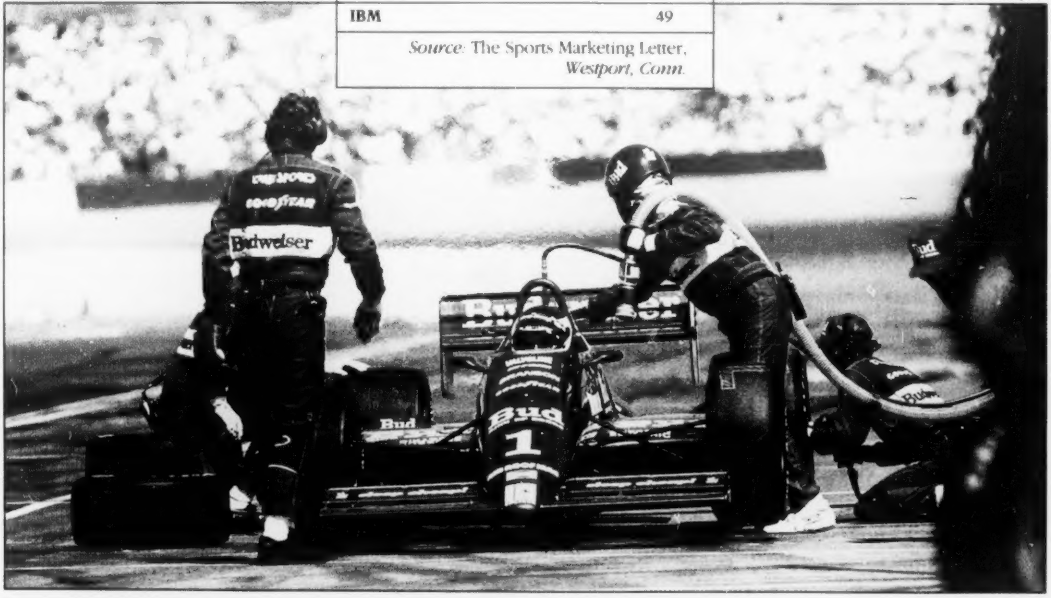
Other companies have responded to the squeeze on costs and on budgets by getting more creative. Volvo U.S.A. bought stakes in three tennis tournaments it sponsors; thus, if the events make money, Volvo's costs are reduced. Pepsi's marketing department has responded to the higher costs with a "big event" strategy. That means sticking with high-profile events like the Super Bowl, the Boston Marathon and this summer's Goodwill Games. It also means some lesser events may go begging for sponsors.—**C.P.**

America's top corporate sports sponsors

Company	Budget ($mil)
Anheuser-Busch	$175
General Motors	150
Philip Morris	128
RJR Nabisco	115
Nike	86
Coca-Cola	71
McDonald's	66
PepsiCo	64
Coors	53
Eastman Kodak	49
IBM	49

Source: The Sports Marketing Letter, *Westport, Conn.*

Robert Brown/Allsport



The Budweiser racing team at the Indy 500
Competitive bidding has boosted the cost of sponsoring premier competitions.

Wrigley Field, as legend has it, Babe Ruth pointed at the centerfield wall and promptly swatted the ball over the fence for a home run. But this was high spirits and cockiness, not arrogance or temper tantrums.

How things have changed. Bo Jackson plays both football and baseball professionally. While he is generally thought of as a nice guy, after striking out (which he does often these days) he has taken to snapping his wooden bat in two across his knee. Unsportsmanlike perhaps, but it's a gimmick that has gone over big with the fans. For Jackson, that means a higher national recognition factor.

John McEnroe brought being obnoxious to a fine art. No question, he was good at tennis. He took Wimbledon three times and the U.S. Open four times. But throughout his career, McEnroe would regularly throw tantrums and scream at line judges. This cost him thousands of dollars in fines and won him thousands of lines of nasty ink in the nation's sports pages. Did it hurt McEnroe's off-court business? Hardly. One marketing poll indicated McEnroe was one of America's least-liked tennis stars, yet the same poll also ranked him as one of the nation's *most* liked players.

McEnroe, now in the autumn of his career, is remembered as much for his nasty manners as for his playing, but he is remembered. He still takes in some $3 million a year in endorsement money, falling just short of making the FORBES list. Without doubt, he served as something of a role model to today's flamboyant stars. Says fellow netsman Agassi, "I think everybody agrees McEnroe could have handled himself better at times. But I always respected his openness to express how he felt."

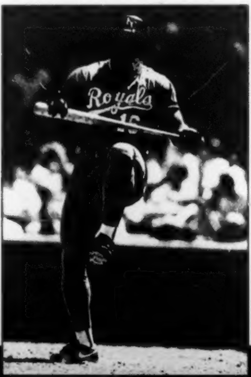
Advertisers must play the obnoxiousness game with great care. A flamboyant athlete can help draw attention to an advertiser's product. But if the guy is a real flash in the pan, it's important to get the ads on the air fast and not get too attached. Finding a long-term company spokesman is a different matter. Gimmicks are okay, serious controversy is not.

One athlete who stepped over the line is boxer Mike Tyson, this year's number one money earner on the FORBES list. Tyson will make almost all his $28.6 million fighting fights; only $1.6 million or so will come from endorsements. Why? In large part it's his messy personal life. Two years ago Pepsi agreed to pay Tyson about $1 million to push its products. But the cola company refused to renew the contract when it came out in the media that Tyson had allegedly been beating his actress wife, Robin Givens. A messy divorce followed. Then there was Tyson's silly street fight in Harlem and the *coup de grace:* He wrapped his Mercedes around a tree in the driveway of his trainer's house.

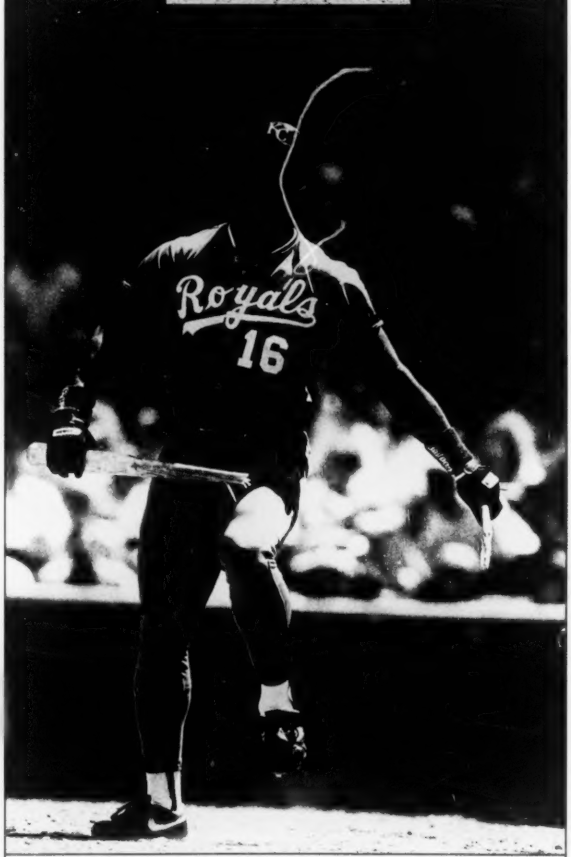
Jose Canseco, an outfielder for the Oakland Athletics, is another case of a sports figure crossing the tricky line that divides merely flamboyant behavior from the sort that offends large numbers of people. As a celebrity, Canseco has lots going for him. He is the first major league player ever to hit 40 home runs and steal 40 bases in the same season. The Oakland front office recently granted him a five-year, $23.5 million contract, the richest in baseball history. A $3.5 million signing bonus will help give Canseco nearly $6 million in income this year, making him number 14 on our list.

But endorsements? That's a different story. Canseco claims that he doesn't get any national endorsements because of unfair portrayals in the media. A more likely explanation: Canseco's bad manners and arrogance give potential corporate sponsors the heebie-jeebies. He has a history of failing to show up for scheduled photo shoots and once even missed a banquet in his honor. On top of that, Canseco was nailed several times last year for speeding and other vehicular violations. But what really scared sponsors was Canseco's arrest in April 1989 for carrying an unregistered handgun.

But Canseco isn't starving. In addition to his rich baseball contract, he will do about $500,000 in local endorsements this year. Still, he's not yet in the endorsement big time. Advertisers want talented players with recognizable public images. Outlandish behavior helps establish image, but it shouldn't be too outlandish. Once the image is right and strong enough, the earning power often persists long after the athletic career has peaked, becoming a kind of annuity. As our list shows, old-time golfers Arnold Palmer and Jack Nicklaus are near the top. What will become of you, Andre Agassi? ■



Lonnie Major/Allsport



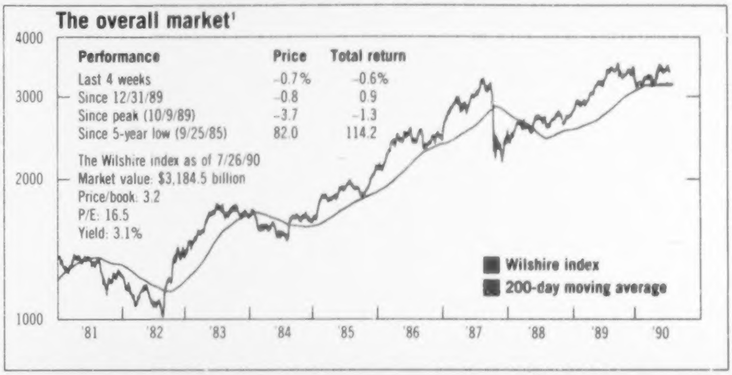
Football/baseball player Bo Jackson
How to make striking out exciting.

The Forbes Wall Street Review

By Eric S. Hardy

Byron R. Wien, the U.S. investment strategist for Morgan Stanley's equity research department, says the market is tiring. "At the beginning of 1990, I thought the Dow would reach the 3000 level by midyear, then be vulnerable to a correction," he says. "I think we're now in the middle of that correction." He points to lackluster trading volume and disappointing advance/decline ratios as signs of market weakness. Although Wien doesn't expect stock prices to decline too significantly, his asset allocation model is a fairly conservative 40% in stocks, 45% bonds and 15% cash. The stock groups Wien likes the most are technology and banking.

The market continues to punish companies for even slightly disappointing earnings. Dow Chemical is one of the most recent victims. And during the past two weeks Lotus Development lost more than a third of its value. The decline in technology issues helps explain why the Nasdaq composite index lost 4.7%. The rest of the market fared a bit better: The Dow industrials fell 1.7% while the equally weighted Wilshire lost 1.8%. The capitalization-weighted Wilshire decreased 2.8%. On a positive note, the modest 1.2% annualized rate of increase (preliminary) in the gross national product for the second quarter makes lower interest rates a real possibility. That should help bond prices and, indirectly, stock prices.


The overall market[1]

Performance	Price	Total return
Last 4 weeks	-0.7%	-0.6%
Since 12/31/89	-0.8	0.9
Since peak (10/9/89)	-3.7	-1.3
Since 5-year low (9/25/85)	82.0	114.2

The Wilshire index as of 7/26/90
Market value: $3,184.5 billion
Price/book: 3.2
P/E: 16.5
Yield: 3.1%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Kansas Gas & Electric	25⅛	26%	16	2,375	3.1
Castle & Cooke	36⅝	20	22	4,736	2.8
Freeport McMoRan	16⅞	16	15	613	1.8
FMC	37⅜	15	8	566	1.1
American Barrick Resources	21⅝	13	64	3,848	1.4

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Lotus Development	21¼	-34%	11	12,414	2.0
United Telecommunications	26⅜	-30	14	14,449	2.1
US Shoe	17⅞	-29	13	4,954	2.4
Lowe's Cos	36⅞	-24	17	5,770	2.8
Raychem	26⅜	-24	NM	2,682	1.7

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,391.85	-2.8%
Wilshire index 6,000 stocks, equal weighted	21.52	-1.8
Dow Jones industrials 30 stocks; divisor-adjusted price average	2,920.79	-1.7
S&P 500 Capitalization weighted cross section, major stocks	355.91	-2.6
NYSE Capitalization weighted, all listed common stocks	194.55	-2.4
Amex Capitalization weighted total return: stocks, warrants	356.33	-1.6
Nasdaq Capitalization weighted, all issues except warrants	445.43	-4.7
Amex international market index Capitalization weighted, 50 largest ADRs	318.77	-3.5

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	913.70	-1.8%
Institutional[5] Approximately 200 stocks with high institutional ownership	112.35	-5.9
Individual[5] Approximately 200 stocks with low institutional ownership	102.44	-3.5
Russell 2000 index 2000 stocks with small market values, capitalization weighted	164.04	-3.2
Gold[6] (composite quote of 6 major dealers)	$369.20	3.0
Yen[6] (per $U.S.)	150.45	2.0
Commodity index[6] (CRB futures index, 1967 = 100)	234.75	0.5
Oil[6] (W Texas Intermediate)	$20.30	10.0
T bills[6] (90 days)	7.56%	-9 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 7/26/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Average daily volume over a 2-week period. [3] Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4] Morgan Stanley Capital International Perspective. [5] For period ending 7/27/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6] Knight-Ridder Financial Information. [7] A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

Forbes/TUCS Institutional Portfolio

By Steve Kichen

Who made the most money?

Investment	Value of $10,000 invested 6/30/80[1]	Change last quarter
Institutional equity account[2]	$41,642	5.2%
Institutional balanced account[2]	38,152	3.8
Institutional fixed income account[2]	28,638	3.5
Wilshire index	43,677	5.5
S&P 500	47,359	6.3
Shearson Lehman Govt & Corp	30,027	3.8
Treasury index	23,081	2.0

Segment performance and cash flow

	Most recent quarter	
Segment	median total return	shift in institutional holdings
Equity	5.9%	–0.9%
Fixed income	3.5	–1.7
Cash equivalents	2.1	–0.4
Convertibles	4.2	6.1
Other[3]	2.1	0.0
Total	3.4	–1.1

If your portfolio is outperforming the S&P 500 these days, congratulations. You are beating most professional money managers.

For the 12 months ended in June, the total return (price change plus reinvested dividends) on the S&P 500 was 16.4%, compared with 12.4% for the median equity manager. The institutions didn't fare any better over the long term. A hypothetical $10,000 investment in an institutional portfolio in June 1980 is worth $41,640 now. The S&P 500 grew to $47,360.

What did the pros do wrong? For one thing, they usually keep a percentage of their holdings in cash, leaving them slightly behind a pure stock index in a bull market. In addition, the money managers don't restrict their portfolios to the 500 big stocks tracked by Standard & Poor's. During the past decade small-company stocks lagged the big-company stocks. Even so, the pros didn't do as well as the 6,000 stocks in the Wilshire index. In ten years a $10,000 investment in the Wilshire grew to $43,680.

Over the last 12 months the return on stocks in the institutional portfolio with betas over 1.2 was 14%; for stocks with betas under 0.8, 10% (for more on betas, see p. 114).

Blockbuster Entertainment continues to show significant increases in institutional holdings, while Lyondell Petrochemical is, once again, near the top of the institutional sell list. All this information comes to us from Santa Monica, Calif.-based Wilshire Associates, which monitors the Trust Universe Comparison Service covering over $400 billion in pension assets in more than 4,000 pension portfolios.

What the institutions bought and sold

Big stocks[4]

Stock bought	Total quarter return	P/E	Stock sold	Total quarter return	P/E
Avery International	–14.5%	12	**Chambers Development**	29.3%	43
Beneficial	– 7.0	10	**Coca-Cola Enterprises**	3.3	18
Blockbuster Entertainment	40.0	37	**CoreStates Financial**	4.1	8
Conner Peripherals	49.3	22	**Imcera Group**	4.9	18
Hilton Hotels	1.1	22	**Lyondell Petrochemical**	17.2	5
Loctite	33.2	18	**Molex**	9.2	17
MacMillan Bloedel	–1.1	8	**Paccar**	–5.8	6
Mapco	17.7	14	**PolyGram NV**	2.0	17
MBIA	31.5	14	**Rorer Group**	1.3	32
Santa Fe Energy Resources	3.1	NM	**Society**	3.8	7
Stanley Works	–3.1	13	**Union Texas Petroleum**	4.8	16
Turner Broadcast Sys	14.5	NM	**Williams Cos**	–6.0	28

Secondary stocks[5]

Stock bought	Total quarter return	P/E	Stock sold	Total quarter return	P/E
Abiomed	8.5%	NM	**Michael Baker**	9.2%	18
Amtech	7.5	NM	**DeVlieg-Bullard**	–5.3	13
Farr	56.2	15	**Fulton Financial**	–10.8	8
Heritage Bankcorp	14.6	NM	**Gainsco**	24.6	10
Martech USA	19.0	11	**ILC Technology**	41.1	NM
Mid Am	–10.5	10	**Kent Electronics**	43.9	15
Moscom	44.6	20	**Larizza Industries**	–9.5	NM
Mycogen	30.4	NM	**Maine Public Svcs**	6.9	8
Preferred Health Care	27.9	26	**RLI**	36.1	8
Repligen	21.7	NM	**HH Robertson**	–11.1	NM
Seitel	8.5	15	**Tandon**	100.0	15
York Research	23.7	22	**Thermo Cardiosystems**	32.1	NM

[1] Total return. [2] Includes cash. [3] Real estate, foreign investments, venture capital, guaranteed income contracts. [4] Stocks with $1 billion or more in market capitalization at start of quarter. [5] Stocks with market capitalization between $40 million and $200 million at start of quarter. NM: Not meaningful.

Note: What the institutions bought and sold measures the change in the institutional holdings as a percentage of a stock's total capitalization, net of price changes. Data for quarter ending 6/30/90. Prepared by the Trust Universe Comparison Service (TUCS), a service of Wilshire Associates, Santa Monica, Calif.

PERFORMANCE RATINGS ON 1,788 FUNDS

SEPTEMBER 3, 1990
THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

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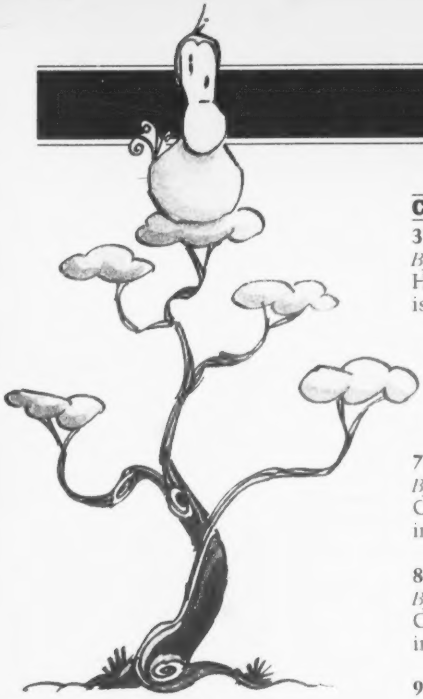

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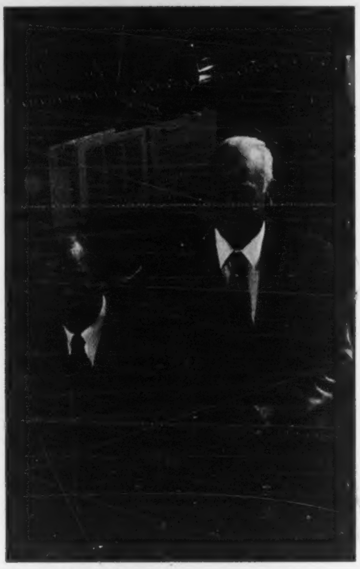

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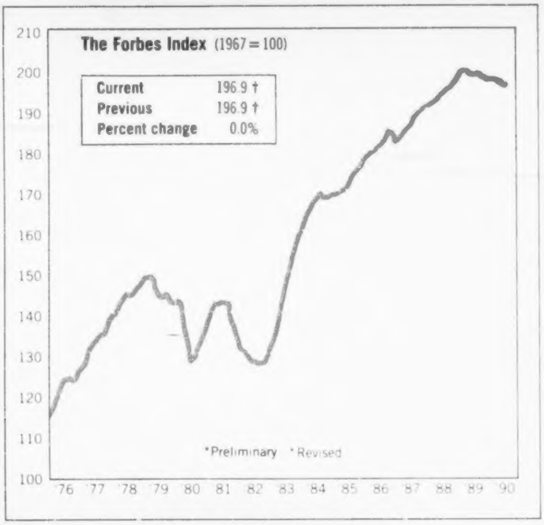
The Forbes Index



The Forbes Index fell 0.6% in the first half of 1990. Although the Index is unchanged for June, the restated April figure was off 0.5% after the Department of Commerce revised downward the April figure for personal income. The Department of Commerce also revised the May results for manufacturers' new orders and inventories and the June figure for new orders. The restated data show that new orders fell 2.8% while inventories were off 0.7%. Although the economy may be slowing down, bulging inventories should not be a major problem.

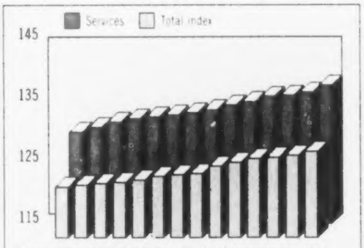
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	-3.6%
Index of leading indicators June vs. May	Dept of Commerce	0.0%
Trade balance 12 months ended May 1990	Dept of Commerce	-$104 bil.
Producer price index July vs. 1989[2]	Dept of Labor	3.4%
GNP 2nd quarter vs. 1st—annualized growth	Dept of Commerce	1.2%
NBER Experimental Recession Probability Index[3]	Natl Bureau of Economic Research	5.0%

[1] U.S.-based manufacturers, excludes imports, as of 7/31/90. [2] Finished goods. [3] June 1990.

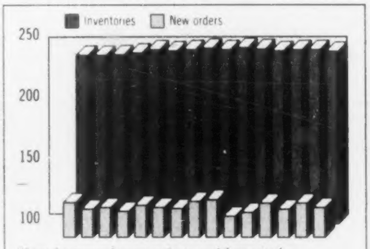
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

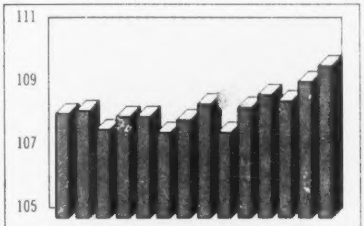
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



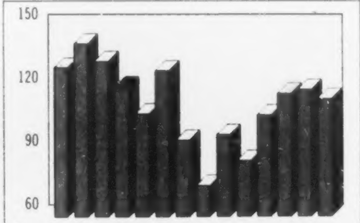
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



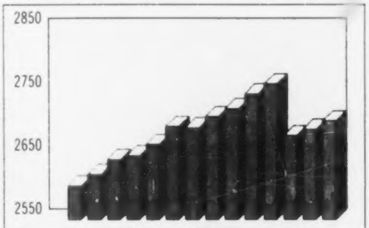
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



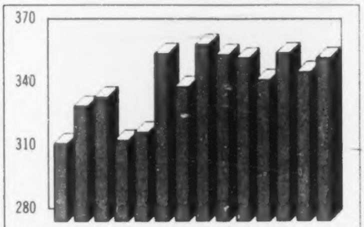
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



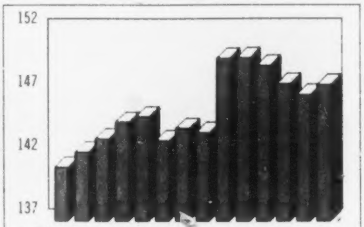
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



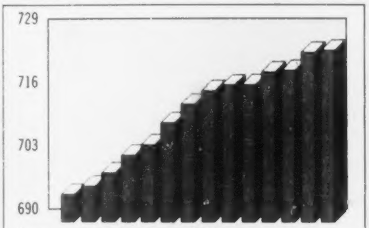
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

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You don't have to be clairvoyant or even a market pro to pick a mutual fund intelligently. Just follow some simple rules, avoid some common pitfalls and understand the risks.

How to choose a fund

By William Baldwin

It's amazing how careful people can be shopping for a $300 VCR and how sloppy they are shopping for a $3,000 mutual fund.

A few years ago this writer heard from a friend who had just bought a stock fund for his 6-year-old. Now, this fellow is not only an astute buyer of electronic gear but he is also an analyst of sorts whose reports are sold primarily to Wall Streeters. He therefore thought he knew what he was doing in picking a fund.

"I bought Dreyfus Strategic Investing," he said. "It can do more things than other funds. It doesn't just buy stocks, it can buy bonds and do hedging."

"Sure," we answered. "But isn't that a load fund? Why did you pay a sales commission to get a fund when you could have had one without a sales commission?"

"Why not? If you pay the fee up front, you don't have annual fees and you're really better off. Aren't you?"

Sorry, friend. You were either uninformed or misinformed. Paying a sales commission (load) does not spare you from paying an annual management fee. Here was an educated consumer who had, in one buying decision, transgressed two of the cardinal rules of fund investing.

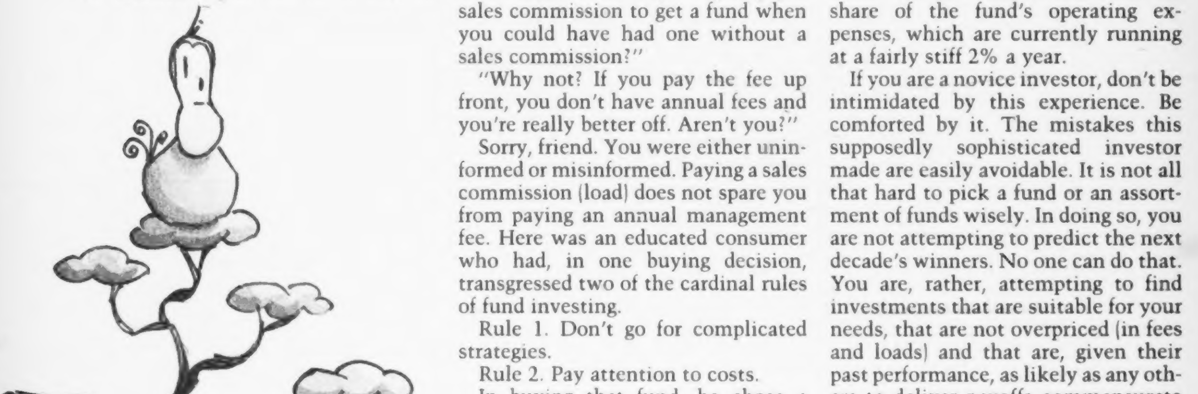
Rule 1. Don't go for complicated strategies.

Rule 2. Pay attention to costs.

In buying that fund, he chose a complicated rather than a simple investment strategy and he paid through the nose for it—twice.

For all the sophistication of the Dreyfus Strategic Investing fund's strategies, it has been a mediocre performer, not quite keeping up with the market over the last three years. As for the 4.5% sales load this investor paid to get in, it was money down the drain. It didn't absolve him from his share of the fund's operating expenses, which are currently running at a fairly stiff 2% a year.

If you are a novice investor, don't be intimidated by this experience. Be comforted by it. The mistakes this supposedly sophisticated investor made are easily avoidable. It is not all that hard to pick a fund or an assortment of funds wisely. In doing so, you are not attempting to predict the next decade's winners. No one can do that. You are, rather, attempting to find investments that are suitable for your needs, that are not overpriced (in fees and loads) and that are, given their past performance, as likely as any others to deliver payoffs commensurate



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with the risks you take to buy them.

Let's be more specific. Suppose your circumstances dictate a very long investment horizon, either because you are young or because you are investing money you know you won't need for a long time. If you are such a person, you most certainly want to put some of your money in mutual funds that concentrate on buying and holding stocks. Now start with the honor roll of funds on page 126. The list consists of 19 domestic stock funds and 1 foreign one. All have performed well above average over the past decade while earning a grade of B, A or A+ in down markets. They have been good performers in bear markets while also doing well overall over a long period.

Why our emphasis on bear market performance? Two reasons. One, we use downmarket grades as an indicator of risk. A fund that did well over the past decade but suffered severe downdrafts along the way is, for most investors, not as useful as one that got just as far with a plodding gait.

If you are exceedingly confident about the further upward movement of the Dow, you can disregard this caution and go for the funds with the highest grades in bull markets. But most people cannot be so confident, and they cannot know when they may need to cash out of a fund. It might be shortly after a crash.

The other reason for the spotlight on bear market grades has to do with where the market has been. Since November 1980, the period over which we grade stock funds, the market has been uncharacteristically bullish. Real (after inflation) annual returns on stocks have been half again as high as their 7% long-term norm. So, if the coming decade is closer to normal, it will have weaker bull markets or worse crashes. Raw measures of point-to-performance—the way most people compare funds—will overreward the fair-weather funds, the ones that get A's in up markets and D's and F's in down markets.

In short, our honor roll honors consistency of performance. That's what we think the smart long-term investor should seek.

Our honor roll includes both load and no-load funds. (Load funds charge sales commissions as high as 8.5%; no-load funds charge no sales commissions.) If you are getting help from a broker or financial planner, you can expect to pay a sales load. But if you are making your own decisions, stick to no-loads. Make an exception to this rule only if the load is very small (under 3%) and you are certain of staying in the fund for a very long time. Some excellent load funds can be bought no-load; see page 140.

If your circumstances call for fixed-income investments, first figure out whether it makes sense to be in a taxable or a municipal (tax-free) bond fund. An IRA, for example, would go into a taxable fund because yields are better and there is no sense putting a tax-exempt security in an account that is already tax-sheltered. Outside of a tax-sheltered account, muni funds often make sense. They pay a smaller dividend than the taxable bond funds, but if you are in a high tax bracket you may be better off sacrificing some yield for the tax exemption. A table on page 130 lists the better no-load bond funds.

Now let's look at the five most common mistakes investors make when they buy funds.

Being mesmerized by complexity. The past decade's explosive growth of futures and options has provided much grist for the mills of fund marketers. The selling proposition: Sophisticated strategies are used by sophisticated people, and sophisticated people get rich. This is nonsense. Warren Buffett got superrich by following simple but sound investment principles. Financial futures may be a real convenience to a portfolio manager, but they don't increase the return you can expect from a fund. Do trifectas make betting on horses more profitable? Why should they? If horseplayers are getting richer, who's getting poorer?

Here's a handy rule. If a fund has the word "strategic" in its name, don't buy it. We mean that only half facetiously. There are 20 equity funds in our database with that word in their names and with records going back at least three years. As a group, they have abnormally high expenses and abnormally low returns. Coincidence? Or marketing hype?

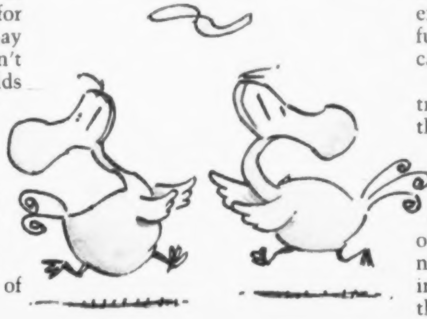
We don't mean to single out Dreyfus, one of whose strategic funds, Strategic World, happens to have done very well over the past three years. Turn to page 134 for a look at the sorry performance of Shearson's Multiple Opportunities Portfolio, which lacks the magic word but certainly fits in the genre.

Overlooking costs. Excellent stock funds are available with annual costs (management fees and overhead) below 1%. Good bond funds should be cheaper still. Don't pay more without a compelling reason. A fantastic performance record or an unusual specialty (say, investing in Third World stocks) would justify stretching these limits a bit. But there is simply no excuse for a fund running up 2% or 3% in annual costs. The fantastic performance, some large part of which is due to luck, may or may not continue next year. But the costs will continue, and eat away at your investment.

Shopping for yield. This is the trap

that fund buyers fall into when they first venture forth from the safe surroundings of a bank lobby. Certificates of deposit should be compared on their yields; funds should never be. Since the principal in a fund is not fixed, as it is in a bank account, there is considerable risk that a high yield will be accompanied by an erosion of principal. Portfolios of junk bonds, for example, behave this way. They may be good investments, but you can't tell that by looking at their yields alone because those yields can be eaten up in bond defaults and price declines in the junk bond market. We show yields—more precisely, payout rates—in the fund tables, but we use something else to calculate performance and award grades. That something is total return, defined as the sum of yield and capital gains or losses.

Misjudging risk. There is no way to earn a real return as an investor and avoid all risk. Cower in the safety of "riskless Treasury bills" and you will merely tie inflation. Buy only bonds and you are taking the chance that runaway inflation will destroy your principal. A pure stock portfolio has this risk: A bear market, arising for no particular reason, chops off 30% of its value, you panic, and you sell at the bottom. You should think about these risks before deciding how to divide your assets among stocks, bonds and cash. Would a sudden loss of 15% of your assets cause you to panic and sell? Then put no more than half your assets in stock funds.



Misjudging the past. Probably the greatest mistake of all is to extrapolate the recent past into the indefinite future. If gold was up last year, gold funds will be hot sellers this year. If the dollar was weak and foreign funds delivered 30% returns without trying, investors will be crowding into foreign funds now. In fact, currency fluctuations and gold prices tend to even out over time. There is no reason to expect that a foreign fund or a gold fund will do better over the next decade than a domestic stock fund.

Today's fad is index funds that track the Standard & Poor's 500. True, the average soundly beat most stock funds over the past decade. But is this an eternal truth or a transitory one? Isn't it possible that the blue chips in the average are, as a group, overpriced? Our conclusion is that now is a bad time to be buying an index fund. Read the article below and the one on page 170. ■

The trouble with an index fund of small-cap stocks is that it is forced to buy a lot of trash. The Fidelity Low-Priced Stock Fund doesn't have that handicap.

Cheap stocks

By Richard Phalon

It is not quite an accident ward, but Joel Tillinghast's portfolio tilts definitely in the direction of rehabilitation and reconstruction. As manager of the Fidelity Low-Priced Stock Fund, Tillinghast, 32, presides over a very unglamorous collection.

"We've got emerging growth companies with no Wall Street support and emerging growth companies that have temporarily stalled," he says. "We've got dogs big and small that appear to have suffered some toxic business reverse. Fallen angels are a specialty of the house."

Mixed metaphors, but then Tillinghast's portfolio is a mixed bag. He is talking about such toxic-tainted fallen-angel dogs as Brooke Group (formerly Liggett), Medex, Showbiz Pizza Time, SafeCard Services, Seagate Technology and Thiokol. Like the 200-plus issues in the portfolio, these stocks are priced at low multiples of their earnings or have passed other tests of unpopularity. To make it into the fund, the stocks had to be selling at under $15. Tillinghast's thesis is that overlooked low-priced stocks, though more volatile than high-priced ones, carry the prospect of proportionately higher gains.

Neither the thesis nor the packaging is entirely new. The Fidelity Low-Priced Stock Fund, launched near the close of last year, is something of a knockoff on the Bowser Growth Fund ("A man's name, not a dog," laughs Tillinghast). Bowser's investment targets were stocks under $3, but the fund never quite got off the ground. It was merged out of existence in December 1988.

Fidelity's muscular sales arm, on the other hand, has pulled in $115 million of assets for Tillinghast. Buyers have not gone unrewarded. Total return so far this year (through July) is a gain of 9%, compared with 3% for the Standard & Poor's 500 stock average and –3% for the Nasdaq over-the-counter average.

The case for the fund is as follows: Small companies, as measured by the Nasdaq index, have lagged the big companies for most of the past decade. It is quite plausible that big stocks (namely, those in the S&P 500) are now overpriced and likely to do worse than small ones in the next decade. You could get an index fund of smaller companies, such as the Vanguard Index Trust–Extended Market Portfolio. Trouble is, an index fund is compelled to buy any and every stock meeting a size criterion, even pieces of junk trading at ridiculous multiples of their earnings and assets. In small stocks especially, you're probably better off with an active manager than buying the market.

If you buy Tillinghast's fund, it's because his eccentric investment formula makes sense to you—and you are willing to take a chance on Tillinghast's unproven investment record. The soonest his fund could land on our honor roll *(see p. 126)* is somewhere near the turn of the century.

Fidelity's fund is not expensive. You can buy it without a load, and the expense ratio this year is likely to come in at 1.2%. Some other funds specializing in small companies are in the table to the right.

One of the more offbeat of Tillinghast's holdings is a package of four British water companies that make up 11% of the portfolio. Tillinghast picked them up last year when the Thatcher government privatized utilities in an effort to upgrade the often execrable quality of the British water supply.

The stocks had a lot going for them: low multiples, clean balance sheets and inflation-proof rate structures. The potential kicker: the likelihood that the water companies' extensive ownership of sewer systems will lead them into higher-margined ecological undertakings like waste management and control. Northumbrian Water trades at 303 pence, or $5.60 a share; its per-share earnings last year were 78.3 pence ($1.45) and its book value was 933 pence ($17.30).

Time for a small-cap rebound?

Funds specializing in companies with small market capitalizations have had a hard go of it; almost all have fallen behind the passively managed Vanguard Index-500. But that may well mean that small stocks are undervalued now and likely to beat S&P 500 stocks for a while.

Fund	Performance UP markets	Performance DOWN markets	Total return*	Assets ($mil)	Annual expenses per $100	Maximum sales charge
Pennsylvania Mutual	B	B	15.0%	$685	$0.94	none
Acorn	B	C	14.5	953	0.73	none
Alliance Quasar	A+	D	14.4	343	1.10	5.50%
Over-the-Counter Securities	C	B	12.0	291	1.45	4.50
Kemper Summit	A	D	11.8	270	0.81	5.75
Hartwell Emerging Growth	A+	F	10.4	29	2.50	4.75
Scudder Development	C	D	10.3	361	1.34	none
T Rowe Price New Horizons	B	D	8.5	1,051	0.81	none
Neuwirth	A	D	8.4	25	1.84	none
Vanguard Explorer	D	D	7.7	290	0.64	none
Vanguard Index-500 Portfolio	B	C	14.5	2,368	0.20	none

*Average annual total return, 11/80 to 6/90.

Source: Lipper Analytical Services.

What about the fallen angels? Showbiz, thanks to the hit its comic coin-operated Chuck E. Cheese characters made with the younger set, made it big in the market a couple of years ago. But the charm of novelty soon wore thin. "Kids loved it, parents hated it," says Tillinghast. "The restaurants were dark, noisy, bar-like places with arcade-type machines parents figured would turn their 8-year-olds into delinquents."

Shawn G. Henry/Saba

Joel Tillinghast of Fidelity Low-Priced Stock Fund
Sometimes even British water tastes good.

While most other analysts saw little in the gathering gloom, Tillinghast spotted a management that was suddenly serious about sharpening Chuck E. Cheese's act. With the stock at 13, he made a bet on rising earnings. They have since doubled, and Tillinghast has sold some of his Showbiz at around 26.

"The trick is to back out of the problems," he says. "With luck, maybe you can find earnings power that has been overlooked in the rush to the exits." So it was with SafeCard Services and its descent from 36 to 4 when American Express, a principal customer, decided to go into the credit card loss notification business on its own three years ago.

Tillinghast is chockablock with other hidden value stories: how a production glitch, now cured, drove impatient money out of Medex, a producer of drug infusion paraphernalia; how Seagate Technology's disk drive line has been broadened by acquisition; and why better cost controls for rocket propellants and generic cigarettes will produce earnings growth for such burned-out stocks as Thiokol and the Brooke Group.

It's a curious blend of daring and caution—and it's a lot more interesting than a black box index fund painstakingly programmed to replicate the averages. ■

Annual Fund Ratings

Picking a good stock fund is not simply a matter of picking one with the hottest record over some period. In investing, stamina counts as much as speed, and consistent performance is the supreme virtue.

The honor roll

By Spyros Manolatos

WOULD THAT choosing a mutual fund were as easy as picking a bank certificate of deposit. If this CD pays 9% compounded and that one pays 10%, you take the 10% so long as both carry FDIC guarantees.

Some people do pick funds that way, as if they were shopping for a bank account. This fund was up 16% for the past few years and that one only 12%, so I want the 16% one. That's the dumb way to invest.

Remember, funds, unlike CDs or bonds, do not pay any contractual return. "Past performance," the prospectus always says, "is not representative of future results." Boy, is that ever true! Past performance is only a weak indicator of future results.

The intelligent investor looks at how far a fund got in past years, but, more important, at how it got there. How much risk did the manager take along the way? How does the fund perform in bear markets? What if I need money when the market is down? How consistently has it done, in bull markets and bear, in foul weather and fair?

Stockholders have been blessed for the last six years with a powerful bull market punctuated by a few interruptions. The interruptions were severe enough to do a lot of damage to anyone who panicked or who happened to need cash at an inopportune time. There was the big crash three years ago, and now there is a correction that began in mid-July, accelerated by the invasion of Kuwait and maybe the start of a serious bear market. Today a runaway dictator ties up the world's oil supply. Tomorrow we get a rise in the prime rate or a new tax on securities. You want a fund that has a good record of withstanding shocks like these as well as a good record of producing gains over the long haul.

To get on the FORBES honor roll, a fund had to have both. It had to roughly triple an investor's money over the

Fund/distributor	**Performance** UP —markets—	DOWN	**Lead manager (years)**	**Average annual total return**[1]	**Hypothetica investmen results**[2]
Bergstrom Capital/closed-end	C	A	Erik E. Bergstrom (14)	18.2%	**$40,449**
Dodge & Cox Stock Fund/Dodge & Cox	A	B	Multiple managers[7] (9)	16.3	**33,410**
Fidelity Destiny Portfolio I/Fidelity Distributors	A	B	George Vanderheiden (10)	18.9	**33,477**
Franklin Growth Fund/Franklin Distributors	B	B	Jerry Palmieri (25)	15.3	**34,517**
Guardian Park Ave Fund/Guardian Investor Services	A	B	Charles Albers (18)	17.0	**30,874**
IAI Regional Fund/IAI Funds	A	B	Julian P. Carlin (10)	16.8	32,967
Investment Co of America/American Funds Group	B	A	Multiple managers[7] (7)	16.7	30,626
Lindner Fund/Lindner Management	D	A+	Multiple managers[7] (9)	18.8	38,621
Mutual Benefit Fund/Mutual Benefit Financial Services	A	B	Multiple managers[7] (7)	17.0	32,871
New England Growth Fund/New England Securities	A	B	G. Kenneth Heebner (14)	18.5	36,692
Nicholas Fund/Nicholas Co	C	A	Albert O. Nicholas (21)	16.7	**35,908**
Phoenix Growth Fund/Phoenix Equity Planning	B	A	Robert Chesek (10)	22.1	**45,814**
T Rowe Price International Stock/T Rowe Price Associates	B[9]	B[9]	Martin G. Wade (10)	18.0	**37,536**
Salomon Brothers Opportunity[10]/Salomon Brothers	C	B	Irving Brilliant (11)	15.4	**31,702**
Selected American Shares/Prescott, Ball & Turben	D	A	Donald A Yacktman (7)	15.4	**29,765**
SLH Appreciation Fund/Shearson Lehman Hutton	B	B	Harold L. Williamson (8)	15.9	34,432
SoGen International Fund/Sogen Securities	C	A+	Jean-Marie Eveillard (12)	17.5	30,962
Source Capital/closed-end	D	A+	George H. Michaelis (18)	16.7	31,399
United Income Fund/Waddell & Reed	A	A	Russell E. Thompson (11)	19.1	35,406
Washington Mutual Investors/American Funds Group	B	A	Multiple managers[7] (9)	17.8	34,092

[1] From 11/30/80 through 6/30/90, before deducting loads and taxes. [2] Value on 6/30/90 of $10,000 invested 11/30/80, after load and taxes, for hypothetical upper-income investe Assumptions: Investor has $100,000 of gross income in constant 1984 dollars, deductions equal to 20% of income—15% after 1986—and four exemptions. Loads applied at 6/30 rate. [3] Average of price/earnings ratios for stocks in portfolio as of 3/31/90, weighted by size of holding. Source: CDA Investment Technologies. [4] Lesser of security sales purchases, divided by average net assets. [5] Most funds have lower minimum requirements for IRAs and automatic savings plans. [6] Closed-end funds have no loads, but hypotheti results column assumes a 1% brokerage fee to buy shares. [7] Average tenure of managers, with 9.6 years maximum credit for each. [8] Operates as a contractu

past three market cycles (not quite ten years). This score, shown below in the column labeled "Hypothetical investment results," is not very different from what other publications use to rate funds. But we have a second requirement that considerably toughens the competition. The fund had to do well in bear markets, earning a B or better.

The Lindner Fund is among the top three honor roll funds in bear-market performance, with an A+ grade over a measurement period ended June 30. A few weeks later its shareholders got another dose of bear markets. Between July 17, when the Dow closed just below 3000, and Aug. 9, the overall market (as measured by the S&P 500) fell 7.3%. Lindner was off only 2.8%.

Comanager Robert A. Lange explains his strategy: "We are not doing anything different now. You shouldn't be buying stuff unless you get a good deal." A good deal to him is a company trading cheaply relative to its earnings or its breakup value. Because he couldn't find enough bargains Lange had a quarter of Lindner's portfolio in cash at June 30, which helped cushion his shareholders when Iraq invaded. Among his biggest holdings are Norsk Hydro, a Norwegian natural gas company, Texaco and Mobil. "We bought these stocks a while ago, and they were acting well even before the crisis," he says.

Patrick McDonnell

To qualify for the honor roll, a fund must have started before Nov. 30, 1980, the beginning of the three market cycles over which we calculate hypothetical investment results. This requirement disqualified the Mexico Fund (started in 1981) even though it received one of the rarest of grades, a double A+. Also, sector funds are excluded.

Another requirement is continuity in management. Fidelity's Magellan Fund was on every honor roll between 1982 and 1989. It was kicked off this year when manager Peter Lynch retired and Morris Smith came on board. We require the lead manager to have at least two market cycles (seven years) in the saddle.

What about funds managed by committees? They are allowed on if the average tenure of the managers is at least seven years. Two committee-run funds from the American family—Investment Co. of America and Washington Mutual—are winners, and two others narrowly missed: Fundamental Investors and New Perspective. In calculating average tenure we allow a maximum experience of 9.6 years (the duration of our three market cycles) for any one member.

As in previous years we left out funds closed to new investors. Vanguard Windsor, CCM Capital Development and Sequoia Fund would have qualified otherwise. IAI Regional Fund should have been on our 1989 honor roll and so is credited here with a second year. ■

Net assets ($mil)	Maximum load	Annual expenses per $100	Weighted average P/E[3]	% of assets in cash	Portfolio turnover[4]	Minimum initial investment[5]	Fund (consecutive years on honor roll)
$73	NA[6]	$0.97	28	5%	36%	none	**Bergstrom Capital (7)**
157	none	0.65	15	5	4	$1,000	**Dodge & Cox Stock Fund**
1,833	NA[8]	0.56	12	7	81	NA	**Fidelity Destiny Portfolio (8)**
185	4.00%	0.72	15	11	2	100	**Franklin Growth Fund (2)**
253	4.50	0.68	13	7	47	1,000	**Guardian Park Ave Fund (3)**
191	none	1.00	18	27	116	5,000	**IAI Regional Fund (2)**
5,874	5.75	*0.52*	15	20	18	250	**Investment Co of America**
716	none	0.62	9	26	19	2,000	**Lindner Fund (2)**
38	4.75	1.45	16	16	14	250	**Mutual Benefit Fund (2)**
640	6.50	*1.22*	11	10	203	1,000	**New England Growth Fund (6)**
1,520	none	0.82	15	9	21	500	**Nicholas Fund (9)**
756	6.90	1.04	15	13	180	500	**Phoenix Growth Fund (2)**
1,163	none	1.05	NA	14	48	2,500	**T Rowe Price International**
108	none	1.26	16	17	8	1,000	**Salomon Brothers Opportunity (2)**
412	none	*1.08*	16	8	46	1,000	**Selected American Shares (2)**
1,121	5.00	0.89	17	13	24	500	**SLH Appreciation Fund (5)**
195	3.75	*1.38*	15	26	31	1,000	**SoGen International Fund (2)**
311	NA[6]	0.96	12	21	36	NA	**Source Capital (2)**
1,742	8.50	0.69	14	3	61	500	**United Income Fund (2)**
5,349	5.75	*0.69*	13	5	7	250	**Washington Mutual Investors**

plan, requiring monthly investment, with a decreasing load as investment grows. Hypothetical investment result assumes a single investment of $10,000 on 11/30/80, with a 12.03% simulated load that reflects both sales and account maintenance charges. [9]Grades for foreign funds depend on performance against other foreign funds over the period since Sept. 1982, but hypothetical and long-term returns are measured over the same period as for domestic stock funds. [10]Formerly Lehman Opportunity. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* NA: Not available or not applicable.

It happens again and again: A money manager's dice are hot and then they turn cold. So don't buy into a fund just because it was hot last year.

Tortoises versus hares

By Michael Fritz

Stanley Salvigsen, Charles Minter and Michael Aronstein, the ex-Merrill Lynch threesome behind money manager Comstock Partners, looked like geniuses in 1987. They predicted that interest rates would rise enough to undermine the stock market and then resume a long decline. They were right. As adviser to the Dreyfus Capital Value Fund, Comstock hedged the fund against the October crash, enabling it to earn 35% for the year, against 5% for the S&P 500.

In May 1988 Comstock's partners decided to try their hand at the bond market. Investors showered $1.3 billion on the Comstock Partners Strategy Fund, buying shares of this closed-end bond fund at $10 each, including a 65-cent sales commission. Everybody wanted on board an outfit that could predict things like the 1987 crash.

Comstock rolled the dice again. This time the partners figured that deflation was coming, and loaded up on 30-year noncallable government bonds and zero coupon Treasurys. Good call. In last year's fund survey the fund showed up with a 20.6% total return for the 12 months through June 30, 1989, double that of the average bond fund.

But last winter the partners' dice went cold. Comstock was still heavy in long-term bonds when interest rates turned around and started rising. The partners turned bearish, but not before getting hit with huge capital losses on their zeros. Still bearish, they missed the second-quarter rally. For the first half of the year the fund's total return was –3.4%, in the bottom 3% of all taxable bond funds.

The partners are back at the betting table. All the while maintaining a bearish stance on government bonds—where their holdings are hedged with put options—they have dipped into foreign currency plays. Now 25% of fund assets are in foreign government paper from Canada, the U.K., France, Australia and New Zealand. If rates rise and the dollar sinks, this fund could land in the performance hit parade once again. If interest rates fall and the dollar rises, the fund will be in the cellar once again.

Investors who bought the fund when it came out have had a bumpy ride. Their $10 shares recently traded on the New York Stock Exchange for 9⅛, and they have collected $2.42 a share in dividends. But they would have done just as well in the Vanguard Ginnie Mae Fund, and the ride would have been a lot smoother. If you think of the Comstock Fund as a hare, you have to concede that the turtles got to the goal just as fast as the hare did—and at less cost.

For the Comstock partners, this crap game is lucrative. Their advisory fees roll in steadily at a rate of nearly $6 million a year. But what about the customers? So far they haven't been especially well rewarded for the risks they've taken and the relatively high fees they pay.

The moral: One or two good calls do not make a money manager into a genius. Look for consistent performance, over at least one market cycle. Don't buy an expensive fund—that is, one with high annual expenses and/or a sales load—on the strength of a recent spurt of good performance. The spurt likely is as much luck as skill.

For our table of superior bond funds

Bond funds that deliver

Below is a sampling of bond funds that have beaten their peers over one or two market cycles. All are no-load and hold expense ratios to 1%.

Fund	Type	Performance UP markets	Performance DOWN markets	Cycle return (annualized)[1]	Annual expenses per $100
Lincoln National Income	corporate	C	A+	12.6%	$0.96
Transamerica Income Shares	corporate	A	D	12.6	0.71
Federated GNMA Trust	Ginnie Mae	B	C	10.8	0.53
Vanguard Fixed Income—GNMA	Ginnie Mae	B	C	11.0	0.31
Fidelity High Income Fund	junk	C	A	9.3	0.81
Vanguard Fixed Income—High Yield	junk	C	B	9.5	0.38
Fidelity Intermediate Bond Fund	short-term	D	A	10.1	0.72
Vanguard Fixed Income—Short-Term	short-term	C	A	9.4	0.28
Financial Tax-Free Income Shares	municipal	A+	F	10.5	0.74
Safeco Municipal Bond Fund	municipal	A	C	10.5	0.57
USAA Tax-Exempt Fund—Short-Term	muni-short	F	A+	6.7	0.52
Vanguard Muni Bond—Short-Term	muni-short	F	A+	6.1	0.27
Safeco California Tax-Free Income Fund	muni-Cal	B	F	3.5[2]	0.69
Scudder California Tax Free Fund	muni-Cal	B	C	3.6[2]	0.83
Fidelity NY Tax-Free—High Yield	muni-NY	C	C	3.4[2]	0.61
Scudder NY Tax Free Fund	muni-NY	C	C	3.3[2]	0.89

[1] Apr. 30, 1983–June 30, 1990. [2] Aug. 31, 1986–June 30, 1990.

we selected on the basis of both cost and consistent performance. We looked for funds in each of several categories that combine good returns over two interest rate cycles (Apr. 30, 1983 to June 30, 1990) with low costs.

The letter grades assigned to bond funds should be understood as both a measure of performance and a measure of interest-rate risk. Short-term bond funds get poor grades in bull markets (that is, when interest rates are falling) and good grades in bear markets. Long-term funds have the reverse pattern. Before buying a bond fund you must, of course, decide where you want to stand on the interest-rate curve. If you don't have a strong feeling about where interest rates are headed, then a Ginnie Mae fund is a good middle-of-the-road choice. It will probably do worse than a long-term fund in a bull market and better in a bear market. ■

Look before you leap into a "government" fund or money fund. Some are exempt from state income taxes, others aren't.

Why pay unnecessary taxes?

By David Churbuck

STATE INCOME TAXES are high and going higher, especially in high-spending, high-taxing states like New York, California and Massachusetts. There is even talk in Washington of limiting the federal deduction for state income taxes. If that happens, what your state takes away from your dividend check comes right off the bottom line. Obvious solution: Buy U.S. government bonds. They have been exempt from state taxation since 1819.

Since selling a Treasury bond before its maturity date can be expensive and sometimes awkward, most investors are wise to buy Treasurys through mutual funds, even at a slight loss in income. A no-load U.S. government fund gives you much better liquidity than a bond, plus all the tax advantages. Or does it?

Watch out. The trick is picking the right fund for your state's tax code. Pick the wrong one and live in the wrong state, and you could be in for a big surprise come tax time.

First trap: A lot of so-called government bond funds invest not in direct government debt but in other paper that is merely guaranteed by the federal government. The portfolio of the Value Line U.S. Government Securities Fund is 86% invested in Ginnie Maes, fully taxable by the states. Indeed, a lot of Ginnie Mae funds masquerade as "government" funds.

Some federal agency paper is state-tax-free, other isn't. Tennessee Valley Authority bonds are considered a direct U.S. obligation and are therefore exempt. So are bonds from the various agencies bailing out banks and thrifts. But Fannie Mae and Freddie Mac bonds are taxable.

Next problem: It's next to impossible to get clear guidance from a fund sponsor about the fund's tax status. The number that you want is the percentage of income derived from direct U.S. government obligations. That should be simple enough, but the service representatives at the end of an 800 number usually don't know or can't tell you.

Instead, ask if the fund sends its investors at tax time a statement showing the percentage. If the answer is no, request the portfolio (usually in a semiannual financial statement, not in the prospectus) and go over it carefully with a list of acceptable bonds at hand. Generally, mortgage-backed federal issues are taxable by the states and nonmortgage issues aren't.

Next problem: States that recognize payouts from U.S. Treasury funds as exempt typically demand that a minimum 50% or 80% of the payout be derived from Treasury interest, or none of it is exempt.

Finally, six states play it rough and tax in full any dividend from any incorporated fund, never mind where the interest came from. Their argument is that these are dividends from fund companies, not interest from government bonds. Leading the list is Connecticut, whose top income tax rate (14%) is the highest in the land. The other five offenders are Delaware, Mississippi, North Dakota, Pennsylvania and Tennessee. The solution if you dwell in one of these six offending states: Buy a bond fund organized as a limited partnership, such as Dreyfus U.S. Government Bond L.P.

Unfortunately, recent federal legislation forbids new limited partnership bond funds. Also, after 1997, grandfathered funds will effectively lose their partnership status. At that point hapless savers in Connecticut will be cornered. They'll have to buy their Treasury bonds directly and give up the many advantages of investing through a mutual fund. ■

State-tax-free, mostly

"U.S. Treasury" in a fund's name is no guarantee that its dividends are exempt from state tax.

Fund	% direct U.S. obligations	Annual expenses per $100
Dreyfus US Govt Intermed Secs LP	98%	$0.80
Dreyfus US Guaranteed MM	98	0.73
Dreyfus US Govt Bond LP	100	0.00p
Fidelity Government Secs	100	0.73
Neuberger & Berman Ltd Maturity	26	0.65p
Value Line US Government Secs	2	0.67
Vanguard Fixed Income—US Treasury	88	0.28
Vanguard MM Reserves—US Treasury	58	0.30

p: Net of absorption of expenses by fund sponsor.

Shearson's Multiple Opportunities fund has been a disappointment for investors, but not for Shearson, which has raked in $53 million in fees and commissions.

The high cost of high costs

By Ruth Simon

HERE'S A NEW ANGLE in performance fees for money managers: The worse the managers do, the more money they make.

That sounds crazy, but it is, to a degree, the perverse outcome of Shearson Lehman Hutton's Multiple Opportunities Portfolio, L.P. This fund, launched with fanfare in March 1987, took in some $500 million within five months. The investors weren't your widow and orphan types; the fund's minimum stake was $100,000. Investors were apparently attracted by the fund's proposal to use not one but six investment advisers and to give them a flexibility few funds offer. But performance has been so weak that investors have exited in droves. Less than half the original $500 million remains in the fund. As they leave, the unfortunate investors leave some of their money behind. The fund levies an "exit fee" that amounts to 3% of net asset value in the first year and gradually declines to zero after six years. So far Shearson has pocketed $9.3 million in exit fees.

Besides the exit fee, Shearson collects management fees and various expenses totaling 3% of assets annually. Then there are brokerage commissions on the fund's trades. Shearson collected more than 80% of the brokerage commissions paid out to brokers by the fund, or $10.6 million, over the last three years. Total Shearson take from fees, expenses and commissions: $53 million.

It is very hard for the investor to come out well when so much is coming off the top—even if the fund's stock pickers and timers do well. The Shearson fund's total return—reflecting all fees except the exit load—has averaged just 7% a year, 3 points worse than the S&P 500. Without the fees it would have tracked the market.

Why did the fund sell so well at the start? Because of its unusual nature. The portfolio is parceled out among several experts at Shearson. The managers can go short, buy junk bonds and foreign and domestic stocks, write put and call options and play the commodity and foreign exchange markets. And as a limited partnership, Multiple Opportunities is exempt from the tax law that prohibits mutual funds from getting more than 30% of their income from gains on positions held less than three months.

With all that flexibility and its team of wizards, the fund should always beat the S&P 500 and never have a down year. That's what chief investment strategist Michael Sherman told *Fortune* three years ago.

Clearly, Sherman was seeking to capitalize on a persistent investment myth. It's the fairy tale that says some clique of sophisticates out there has access to exotic trading techniques not available to common folk, and that the lucky fellow who is invited into their circle will earn outsized returns. In fact, futures and options are a zero-sum game. Your manager will make money from them only if some other manager loses. In that sense, exotic investment vehicles are

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worse than plain old stocks, which at least pay dividends and tend to appreciate over time.

What did Shearson's customers get for all the sophistication of the fund's investment strategies? The fund's hedges helped it weather the 1987 crash, with a loss of only 1% in the fourth quarter of 1987. But, like so many market timers, the fund more than lost on the rebound what it saved in the crash.

Have customers learned their lesson? Perhaps, but there's a new customer born every minute. Shearson brokers have another one of these things to sell. The Advisors Fund L.P., a fund of funds, has raised $180 million since it was introduced in May. Minimum investment: $25,000. (The 1987 tax law limits use of the limited partnership format for funds, but Advisors was grandfathered.)

Like Multiple Opportunities, Advisors parcels out money to several portfolio managers, the main difference here being that the portfolio experts aren't Shearson employees. One thing that hasn't changed is the burdensome cost structure. Including fees paid to the outside money managers, Advisors is going to run an annual expense ratio of about 2.8%. On top of that there is a 5.5% front-end load to get in.

"We're giving investors access to high-quality hedge-fund managers at a price, and with diversity available only to the very richest," boasts Shearson executive Robert Schulman, who developed the fund.

Hedge funds are not registered with the Securities & Exchange Commission and are open only to rich people. The mere fact that they are exclusive doesn't mean that they are good, however. The three Advisors Fund managers with five-year records—Hellman, Jordan, McKenzie, Walker and Nicholas-Applegate—have done worse than the S&P 500 over that period, according to performance figures compiled by CDA Investment Technologies.

Like hedge funds, Shearson's fund has a performance bonus built into the fee. The base portfolio management fee of 2% goes as high as 4% if the fund beats the S&P by 10 percentage points or more, and drops to zero if the fund lags the S&P by 4 points or more. This has a certain sales appeal: We make money only if you do. But a close look at the arithmetic shows that this isn't much of a deal for the investor, unless the five managers do extraordinarily well.

Suppose, for example, that the market alternates bear years of 6% total returns and bull years of 16% returns.

The most efficient funds

A stingy expense ratio and low turnover don't guarantee good results, but they sure help. All 29 funds shown here have turnover below 100% and assets over $100 million. As in past years, Vanguard dominates the list.

Fund	Type	Assets ($mil)	Portfolio turnover[1]	Annual expenses per $100
Vanguard Index–500 Portfolio	stock	$2,368	8%	$0.20
Vanguard Index–Extended Market	stock	185	14	0.23
Salomon Brothers Fund	stock	1,021	30	0.44
Vanguard Windsor II	stock	2,510	22	0.48
Vanguard Asset Allocation	stock	178	1	0.49
Vanguard/Morgan Growth Fund	stock	756	27	0.51
Quest for Value	stock-dual[2,3]	538	76	–0.78[4]
Convertible Holdings	balanced-dual[2,3]	265	50	–1.63[4]
Vanguard Wellington Fund	balanced	2,331	30	0.43
Vanguard Equity Income Fund	balanced	425	8	0.44
Vanguard Trustees Commingled–Intl	foreign	820	25	0.46
ASA Limited	foreign[2]	552	3	0.51
Vanguard Bond Market Fund	taxable bond	171	33	0.24
Vanguard Fixed Income–US Treasury	taxable bond	528	83	0.28
Vanguard Fixed Income–GNMA	taxable bond	2,318	9	0.31
Vanguard Fixed Income–Invest Grade	taxable bond	1,082	70	0.34
Vanguard Fixed Income–High Yield	taxable bond	905	41	0.38
Vanguard MM Reserves–Federal	money market	1,751	NA	0.30
Vanguard MM Reserves–Prime	money market	12,618	NA	0.30
Kemper Money Market Fund–Govt Secs	money market	808	NA	0.45
Merrill Lynch Institutional Fund	money market	1,667	NA	0.45
Vanguard California T-F–Insured L-T	tax-free	324	3	0.23
Vanguard New York Insured Tax-Free	tax-free	214	10	0.30
Vanguard Penn Tax-Free–Insured L-T	tax-free	501	8	0.24
Vanguard Municipal Bond Fund[5]	tax-free	4,993	63	0.27
Vanguard NJ Tax Free–Money Market	tax-free money market	381	NA	0.22
Vanguard Penn Tax-Free–Money Market	tax-free money market	618	NA	0.22
Vanguard California Tax-Free–MM	tax-free money market	639	NA	0.22
Vanguard Muni Bond–Money Market	tax-free money market	2,386	NA	0.27

[1] Lesser of security sales or purchases, divided by average net assets. [2] Closed-end. [3] Performance, asset and expense data on capital and income shares treated as a unit. [4] Recent expense ratio minus the annualized benefit from the closing of the discount to net asset value when fund is liquidated within seven years. Assumes 1% brokerage commission on purchases. [5] Represents total assets of six portfolios: High Yield, Insured Long-Term, Intermediate, Limited Term, Long-Term, Short-Term. NA: Not applicable.

And suppose the experts beat the market by 7 points in bull years and lag it 7 points in bear markets, before fees. That is, they just about track the market on average. Over time the market would average a compound annual 10.8%. Advisors' customers would average a return, after costs, of 8.2%. They would be paying 2.6% a year and getting mediocrity. Don't worry, Shulman says: "The fund is going to do 10% better than the S&P, no matter what the market does."

You don't need to pay anything like 2.6% a year to get good management. The efficient funds in the table have costs averaging well under 0.4% a year. And for fees only a little higher you have access to most of the excellent funds on our honor roll (p. 126). These funds let investors with small sums get the same high-quality management that wealthy investors get. That's the beauty of the mutual fund industry.

Our advice to investors, novice and experienced alike: Stay away from complicated investment vehicles; most of them are just an excuse to levy fat fees. Stick with plain old professionally managed, diversified funds with modest management charges and little or no sales loads, and you won't go far wrong. ■

Some of the best-managed funds available have a big drawback: a sales commission. But sometimes you can easily avoid all or most of that commission.

Discount loads

By Christopher Palmeri

MOST PEOPLE who would rather make their own investment decisions than ask a broker for help, and who are careful never to waste a dollar, stick to no-load funds. Why pay a sales commission as high as 8.5% to get into a fund when there are so many no-load funds around? Paying an 8.5% charge means the fund has to gain nearly 10% before you break even. But shunning load funds can leave some excellent funds out of reach—the Templeton and American funds, for instance.

Good news for penny-watchers: It's possible to get these load funds and a large number of others with little or no load. There are several ways to erase, or all but erase, a sales commission. One is to buy a fund through your employer's thrift plan. Another is to invest a very large sum. A third is to be a member of some group affiliated with the sponsor in some way.

Suppose, for example, you wanted to get into the Pacific Horizon Aggressive Growth Fund. This fairly new fund (not yet rated in FORBES) is off to a good start, with a five-year return in the top 15% of all domestic stock funds. Turned off by the 4.5% sales charge? The prospectus outlines several classes of people who are exempt: those buying it through a corporate thrift plan, those who have opened an Individual Retirement Account at the fund's sponsor, Security Pacific Bank, and customers of "a discount broker-dealer, which imposes a transaction charge."

Charles Schwab & Co. is the principal beneficiary of this provision. It maintains one big account with each Pacific Horizon fund and runs trades by Schwab customers through this omnibus account, charging $64 for each buy or sell order of $10,000. This comes to a big saving over the standard load charge. (Unfortunately, Schwab has similar trading arrangements with only about 20 funds.)

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A more traditional way to beat the load involves volume discounts, which are more accessible than you might think. In the main tables that begin on page 177, we show the maximum sales charge for every fund. In the table below we show the minimums for a selection of excellent funds. These minimums can be triggered for investments as low as $500,000.

You can, for instance, get into the American Funds family (maximum load, 5.75%) with no load, by plunking down $1 million. That's a large sum, but it can be divided among various funds in the fund family and various owners and trusts within your family.

John Templeton's famous Growth and World funds have always carried a stiff 8.5% maximum load, but the load drops to 0.5% for purchases over $2 million. For a wealthy investor planning to stay in the fund for five years, that's no worse than an extra 0.1% a year tacked onto the annual expense ratio. Note that both of these funds have a bargain expense ratio of 0.7%, half the average for stock funds. In short, for the right buyer, these Templeton funds are every bit as economical as a good no-load. ■

Get them wholesale

The ten funds below have strong performance records, low expenses, and deep discounts on their loads if you are willing to invest enough money.

Fund	Performance UP markets	Performance DOWN markets	Annual expenses per $100	Load Maximum	Load Minimum
Cardinal Fund	C	A	$0.71	8.50%	1.00%
Fundamental Investors	A	B	0.67	5.75	none
Lutheran Brotherhood Municipal	B	B	0.86	5.00	0.50
Nationwide Fund	B	B	0.63	7.50	0.25
New Perspective	B	B	0.76	5.75	none
Pacific Horizon Aggressive Growth			1.51	4.50	none
Templeton Foreign	B	A	0.81	8.50	0.50
United Income	A	A	0.69	8.50	none
United Vanguard	B	B	0.96	8.50	none
Washington Mutual Investors	B	A	0.69	5.75	none

Sources: Morningstar Inc.; FORBES.

You can buy a German company because everyone is clamoring for Europe, or you can buy it because it's cheap. David Fisher uses the latter approach.

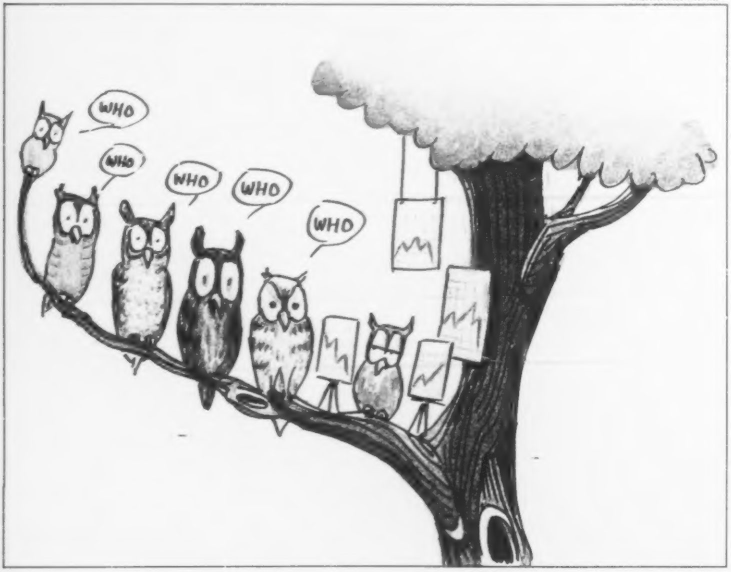
An international perspective

By Suzanne L. Oliver

DAVID FISHER, ONE of the six portfolio counselors of the New Perspective Fund, was recently walking through Prague's Wenceslas Square. He was startled to see an East German Trabant automobile painted gold and perched on four elephant-size plastic legs. Hanging on the awkward beast was a sign reading, "The only way this car can get around is on its legs." That should have made Fisher feel good. It emphasizes how badly Eastern Europe's industries need modernizing. All the better for his fund's investments in companies like West Germany's Bilfinger & Berger, a construction company. Firms like this will surely play a major role in rebuilding the Eastern European factories that produce such industrial atrocities as the Trabant.

Unlike other funds whose managers rushed into European investments in a fad-following swarm as the Berlin Wall came down, Fisher's New Perspective Fund has been looking at German stocks since it was created in 1973. It bought Bilfinger & Berger in 1985 at an average cost per share of $63, or 11 times earnings. Recently the stock traded at $588.

"We weren't smart enough to know what was going to happen in Eastern Europe, but we were smart enough to see that Bilfinger & Berger was a cheap stock," says Fisher, 50, who has been a portfolio counselor of the New Perspective Fund for 14 years. In addition, he is in charge of international research and comanages two other funds in the $30 billion American Funds Group of Los Angeles-based Capital Research & Management.



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New Perspective, active internationally since it was started, now has 49% of its assets in foreign stocks. New Perspective's oldest overseas holding, Lend Lease Corp., dates back to 1975. Indeed, the portfolio has a very low turnover of 29% (against the average stock fund's 89%), which means that investors are not losing money to commissions and bid/ask spreads. Other expenses are held to 76 cents annually per $100 of assets, half the stock fund norm. The maximum sales charge is 5.75%, but you can duck that cost in some cases *(see story, p. 140).*

Wall Street's eyes are on Eastern Europe—some 20 funds specializing in that part of the world have come out in the past 12 months, according to Michael Lipper, the New York-based fund expert—but Fisher's "infrastructure" theme goes far beyond the Trabant in Wenceslas Square. "It is not just Eastern Europe where tremendous work needs to be done, but China, Thailand, Malaysia, Brazil, Argentina and Mexico," says Fisher. "We really believe that the globalization of the world will continue at a rapid pace."

Among other things, globalization means that the distinction between American multinationals and foreign multinationals is disappearing. "Look at Dow, ICI and Hoechst. Just from the product mix and geographical sales of the companies, you couldn't tell one from the other. The fact that one is based in the U.S., one in the U.K. and one in Germany is virtually immaterial," Fisher opines.

For example, New Perspective has many positions in Swedish stocks, but Fisher points out that only about 25% of the sales of these companies are made in Sweden; they are essentially international companies. So Fisher doesn't feel that the fund is overexposed in Sweden. This global view also works in the research department at American Funds, where analysts follow their industries around the world rather than by region, with the help of research bureaus in Hong Kong, Tokyo, Singapore, Geneva and London.

The firm's analysts pick stocks the old-fashioned way: by reading balance sheets. They compare a company's market capitalization to the price they figure an acquirer would pay for

A portfolio designed by a committee

If one smart money manager can produce superb results, what do you get from, say, four smart money managers? Often, mediocrity. Merrill Lynch's Liberty All-Star Equity Fund and Shearson's Multiple Opportunities Portfolio *(see p. 134)* are cases in point. The relatively poor showings of these two funds call to mind the old saying that a camel is a horse designed by a committee.

But here's a camel that runs like a horse. The rule that committees make poor fund managers has a dramatic exception at Capital Research & Management, a Los Angeles firm that runs the $30 billion American Funds Group family.

Each equity fund's assets are split among four to six portfolio managers. Another portion of a fund's assets is managed by analysts in the 80-person research department—a kind of apprentice system for future fund managers. Fund managers get bonuses based on the performance of their individual pieces of a portfolio, but, as shareholders in this employee-owned advisory company, they also benefit from the group's overall performance.

It's a system that rarely delivers extraordinary performance but does foster a degree of consistency and low risk seen in few other fund groups. American Funds Group has ten stock and balanced funds around long enough (two market cycles, or seven years) to be rated in the Forbes system. Every single one of them gets a B or A grade for downmarket performance. Two of them appear on the honor roll on page 126.

Jon Lovelace, 63, chairman of Capital Research and president of the New Perspective Fund, says investors are better off with a well-trained committee than with a single star. "If one manager leaves the fund, there are four or five others who know what to do," he says. Sponsors are also often better off with committees than with stars. How is Fidelity going to keep buyers interested in Magellan now that Peter Lynch is gone? Capital Research & Management doesn't have that sort of problem.—S.L.O.

the whole company. "We have no strict rules about price/earnings, price/book value or price/cash flow ratios," says Fisher. The style is reminiscent of the great John Templeton, who has certain definite, if hard to quantify, notions of value that he applies as readily in Malaysia as in the U.S. or the U.K. The Templeton Growth Fund has multiplied an original stake 120-fold since the fund opened in 1954, although in the past ten years it has fallen somewhat behind New Perspective.

New Perspective's eclectic positions begin with Philip Morris as the largest and range from Singapore Airlines to CS Holding, a Swiss bank, to Hutchison Whampoa of Hong Kong. Whampoa dates back to a 19th-century British trading house. Recently it joined a $3 billion bid for the junk bond portfolio of troubled Columbia Savings & Loan (Forbes, *Aug. 20*).

Capitalizing on the euphoria over the reawakening in Eastern Europe, brokers have rushed a steady stream of new European funds to market. The best way to invest, though, is not to dive into a wave of euphoria. Don't buy a fund merely because it specializes in some country that was hot last year. Better to pick a fund with a record of consistent performance in a variety of overseas markets. New Perspective is one of those funds. ■

Lost in the flurry of one-country fund issues, the Irish Investment Fund is trading at a very tempting discount to net assets.

A bargain

Patrick McDonnell

By Michael Fritz

Harry Hartford, manager of the recently launched Irish Investment Fund, peers out the window of his office in the Investment Bank of Ireland's Dublin headquarters. He sees construction cranes dotting the skyline.

Once-sleepy Dublin is waking up, as foreign financial outfits set up operations to take advantage of the country's attractive tax structure. The economy of the Republic of Ireland has come a long way from the dark days of the early 1980s. In the last decade Ireland has pared its budget deficit from 16% of GNP to 2.4% and reined in inflation from 20% to 4%, enabling the economy to expand at 3.5% annually.

All this has helped elevate the fledgling Irish stock exchange to star performer among equity markets. For

Liam Blake

Irish Investment Fund manager Harry Hartford
"The market is so small we know the companies intimately."

the five years ended December 1989, the Dublin exchange returned an average 47% annually, more than twice the gain for the S&P 500 and well ahead of the Japanese, German and U.K. markets. Yet Irish stocks still trade at a modest 10 times 1990 earnings, versus 12.6 for the S&P 500.

Want a piece of the action? The folks at the Bank of Ireland have created the Irish Investment Fund, a $55 million closed-end stock fund that invests at least 65% of its assets in publicly traded Irish companies.

Investors who bought the fund at its $12 initial offering price in March, a 7% premium to net asset value, aren't doing very well. The shares have sunk to 8⅝, or 21% under the recent $10.88 net asset value. Their loss is your gain. This could well be one of the better bargains among closed-end country funds, even with its 1.8% expense ratio.

With only 119 listings and a market capitalization of $13.2 billion, the Irish Stock Exchange is elfin: Last year's $5.7 billion trading volume roughly equaled a single day's trading volume on the NYSE.

"The market is so small we know all the companies quite intimately," says Hartford, 31, who studied economics at Dublin's Trinity College and Oklahoma State University.

The fund favors financial services, construction and food stocks, which are benefiting the most from Ireland's economic expansion. One of its largest holdings is Bank of Ireland competitor AIB Plc., which controls more than 40% of Irish retail bank deposits. AIB, which has already written off most of its Third World debt, trades at 7.4 times estimated 1990 earnings. Another big one is CRH Plc., Ireland's largest maker of cement, with a five-year annual earnings growth of 30% and a P/E of 9.6.

Power Corp. develops offices and shopping malls like the Trocadero retailing complex in London. Power's earnings have grown from 180,000 Irish pounds to 8 million pounds over the last five years, and the company is trading at a multiple of 14.3. But the real attraction is that, at a recent 1.48 Irish pounds per share, Power trades at a 31% discount to its asset value.

Assets and earnings aren't the only game. Hartford took a stake in conglomerate James Crean Plc., with operations in food manufacturing and distribution, aircraft leasing and electrical products, because he likes the management. "Raymond McLoughlin, Crean's managing director, is a master at making small acquisitions at low prices and then growing the businesses," says Hartford, who expects Crean's earnings to grow at a more than 15% rate for a good many years. He thinks the stock is a real buy at just 11 times 1990 earnings.

A closed-end Japanese investment company trading at a discount to its net asset value might or might not be a bargain, what with the Japanese market trading at such lofty multiples of earnings. But an Irish fund doesn't have that problem. ■

Serious connoisseurs of closed-ends don't stop at the border. They keep an eye on the discounts that pop up in London.

The British angle

By Peter Fuhrman

Britain's investment trusts are living financial fossils. Identical in most respects to U.S. closed-end funds, the trusts go back to the 19th century, when British capital was invested in U.S. railroads and land mortgages.

But they are sprightly fossils and worthy of consideration by U.S. investors. Most of them confine their portfolios to actively traded stocks. Their attraction for U.S. investors? Prices at often significant discounts to net assets, moderate expense ratios and, occasionally, excellent performance records. And now there is some prospect of takeovers that would shrink the discounts and provide a quick profit to shareholders.

The London Stock Exchange trades 200 investment trusts, with combined assets of $35 billion. They offer a tax advantage for British citizens, who pay taxes on undistributed capital gains only when they cash out. U.S. investors don't get that advantage but fare no worse than they would in a U.S. fund.

Performance? The best of them can hold their own with U.S.-based funds. GT Japan, for instance, has averaged a 24% compound annual return (in sterling) over the past five years; Foreign & Colonial, 15%. U.S. investors would have done considerably better, since the pound is perched 31% higher against the U.S. dollar than in July 1985.

But note that while currency fluctuations mean U.S. buyers of British trusts can wind up with better or worse returns than U.K. buyers, the currency risk of any fund is simply a function of the currencies of its portfolio stocks. For a U.S. investor, GT Japan has the same exposure to the yen, the Hong Kong dollar and so on that a U.S.-based fund buying the same stocks would have. Govett Atlantic is a British trust that invests almost solely in U.S. stocks. There is virtually no currency risk in it for a U.S. investor. If the dollar appreciates against the pound, Govett's portfolio will translate into a higher pound value—but the higher pound price of Govett shares in London will translate into the same dollar value as before.

Of course, you don't have to go to London to get exposure to overseas markets *(see foreign funds table, p. 212)*. But a good reason for considering British investment trusts is that some of those rather plump discounts to net asset value may be narrowing in coming years, under pressure from raiders—as in the U.S. Until recently the British have viewed hostile raids on investment funds as just not cricket. All that changed in July, when the Globe Investment Trust, Britain's largest, with assets of nearly $2 billion, succumbed to a raid by the pension fund for British coal miners. The coal miners did well, buying up shares that started out at a 20% discount to net asset value and will be worth full value, since the pension fund will soon take control of the assets.

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The table lists several of the larger British investment trusts that have good records. They might also attract bust-up bids. Bear in mind that you will have to pay a currency conversion commission as well as a stockbroker's commission to get into the funds. Another caution: Many investment trusts hold unquoted investments in real estate and corporate startups. Generally speaking, the higher the discount the greater the percentage of these illiquid assets.

Since the funds are careful to do nothing that could be interpreted as soliciting business in the U.S.—which would get them into trouble with our Securities & Exchange Commission—you may find it hard to get financial statements from your U.S. broker. But you can contact the funds directly for information. The best general resource is the Association of Investment Trust Companies, at 16 Finsbury Circus, London, EC2. This trade group will sell you a copy of the biannual *Investment Fund Index* (£7.50, Centaur Communications, London), which tracks the trusts and gives all the pertinent data on performance, portfolio weightings and dividends. The *Herzfeld Encyclopedia of Closed-End Funds* ($125, Herzfeld Advisors, Miami) has a chapter on London closed-ends. Share prices and net asset value discounts are quoted daily in the *Financial Times.*

The British will withhold 15% of any dividend payments, even if you choose to reinvest those dividends. The British take, however, can be set off against your U.S. taxes. Come Apr. 15, you must calculate what capital gain you would have received if the trust had been organized as a U.S. fund, and declare those gains on your tax return. Those phantom payouts will reduce the capital gain you will have to declare when you cash out of the trust.

Neither the currency conversions nor the tax hassles have scared smart investors away from investment trusts. Lazard Frères in New York has put together a limited partnership that invests heavily in them. It was a Lazard partner, Walter Eberstadt, who described investment trusts as "the biggest pool of undervalued liquid assets in the world." ■

Discounts over there

These U.K. investment trusts have a combined net worth of $5.5 billion but a combined market value of just $4.7 billion. That gap may narrow.

Fund	Assets ($mil)	Recent price	Discount to NAV	Annual expenses per $100	5-year appreciation rate[1]	Yield
American Trust	$263	$2.62	–17.7%	$0.42	7.5%	4.2%
British Inv Trust	862	11.34	–17.7	0.52	17.0	4.7
Fleming Far Eastern	685	3.60	–20.7	0.47	26.0	1.0
Foreign & Colonial	1,675	2.70	–15.5	0.20	21.8	2.4
Govett Atlantic	267	2.77	–15.9	0.50	8.3	3.1
GT Japan	241	2.92	–24.6	0.90	31.5	1.0
Scottish Eastern	757	1.01	–15.1	0.28	19.0	2.9
Scottish Investment	880	2.85	–17.8	0.29	17.1	3.4

[1] Compound annual appreciation to 7/31/90 in U.S. dollar value of trust's net assets per share. Assumes capital gains but not income dividends are reinvested.

Sources: Datastream; Investment Fund Index.

Real estate has been weak in the past few years—which makes it cheap now and potentially a good inflation hedge.

Real estate funds

By Suzanne L. Oliver

THE RESOLUTION TRUST CORP. is about to smother the real estate market with $17 billion in property. Office vacancy rates in Denver, Miami and Phoenix are all above 20%, according to Coldwell Banker. Real estate investment trusts (closed-end funds that own buildings or mortgages) have done terribly since 1987.

Sounds pretty grim. But Gregory Sigmund of A.G. Edwards & Sons in St. Louis reads in all this a bullish sign: If real estate is cheap, now is the time to get in. Sigmund, to be sure, has a bias. As an analyst who follows the realty trust industry and works for a broker that makes its money moving the merchandise, he would find it hard to declare that the whole sector should be avoided. But at least Sigmund, 28, takes an activist approach to research. He tries to "kick the bricks," with visits to as many as ten properties for each REIT.

A REIT, or real estate investment trust, is the real estate equivalent of a mutual fund. A "conduit" for tax purposes, like a mutual fund, it pays no federal income taxes itself and must distribute almost all of its taxable income to shareholders. An equity REIT gets most of that income from rents and capital gains, while a mortgage REIT gets its income from a portfolio of mortgage loans.

REITs aren't covered in our fund tables beginning on page 177, largely because they are so incomparable with other funds. Most funds own very liquid assets, namely, securities; REITs own buildings and mortgages, which are not liquid. We rate closed-end securities funds on their net asset value per share; the corresponding figure for a REIT, the book value, is not a meaningful measure of performance. Some REITs publish estimates of their liquidating value, but they are only estimates.

That said, REITs can be compared, and they make a very plausible vehicle for lowering risk in an investment portfolio. Equity positions in real estate are a hedge against inflation, and arguably a much better hedge than, say, precious metals. Buildings throw off income. Gold doesn't. Sigmund points out that the yield of equity REITs relative to the yield on government bonds is near its alltime high.

The first thing to look for in a REIT, Sigmund says, is an active and proven management. REITs vary greatly in how active they are. Some, like Federal Realty Investment, have a staff that seeks out properties, improves them and operates them. Others don't mar age the buildings they own. On Pittsburgh & West Virginia Railroa does nothing more than cash rent checks on trackage.

In slow markets like today's, equit REITs are able to upgrade their prope ties and increase cash flow, whi mortgage REITs are at the mercy developers. Developers may let pro erties go to pot or overreach then selves—as VMS Realty Partners di dealing a mighty blow to the eig VMS mortgage REITs that had le money to this syndicator. Lomas Nettleton Mortgage Investors h been dragged down by troubles of i sponsor. Mortgage & Realty Trust h gone Chapter 11.

Such casualties have helped bri down the prices of many REITS three-year lows. Result: Over the pa three years equity REITs showed a average annual total return (sha price gains plus dividends) of scarce 1%. But they look much better ov the long haul, with a compound ave age return through the end of 1989 16.7% a year, according to an ind maintained by the National Associ tion of REITs. The S&P 500 did slight better with a 17.5% average retur but with considerably more volatili along the way.

In this collection are a few gem

Patrick McDonn

New Plan Realty has a ten-year average annual return of 26%. New Plan buys run-down shopping centers in the mid-Atlantic states at 50% of replacement cost or less, then renovates the properties. The company has $4 per share in cash, which should help it compete for new acquisitions. Sigmund expects a 9-cent increase in the dividend next year, to $1.14. The stock is one of the more expensive REITS, selling at 17 times expected 1990 cash flow, cash flow being defined as net income (excluding capital gains) plus depreciation.

Western Investment is a bet on population growth in California and Nevada. The REIT owns shopping centers in Carson City, Nev. and Redwood City, Calif., with tenants like Raley's and Savemart. Sigmund expects a $1.44 payout this year.

United Dominion Realty Trust is one of the few REITS focused on apartment acquisition. Since the tax law changes in 1986 limited the tax benefits of syndicating apartment buildings, few new apartments have been built and many apartment syndicators have been forced to liquidate. For United Dominion that has meant good buying opportunities in the Southeast and higher occupancy rates and rents. United Dominion's dividend yields 8.1% and has been growing at a 13.8% annual rate.

The best-performing REITS tend to trade at a premium to their likely liquidation value. MGI, in contrast, is trading at a 40% discount to Sigmund's estimated $18 liquidation value for the company. The stock has been weak ever since the company decided to switch from mortgages to equity stakes and cut the dividend in the process. But he says the trust has good capital gain potential.

Don't buy a REIT without reviewing its financials and its list of properties. If you don't have the time, there are a handful of stock mutual funds that buy REITS and other real-estate-related stocks. Fidelity Real Estate Investment Portfolio is the largest of these funds, with a 2.1% annual return over the past three years, in line with the REIT average. Discouraged about U.S. real estate, the fund's manager, Barry Greenfield, is keeping a defensive 10% of the fund's assets in cash. Another 12% is invested abroad. The drawback to a fund of REITS, of course, is the additional layer of fees. ■

The largest REITs

Most real estate investment trusts have done very poorly in the past five years. But they turned in good results in the early 1980s.

Company	Recent price	—Annualized return[1]— 5 years	10 years	Yield	Mkt cap ($mil)
Meditrust	17⅞	19.9%		12.8%	$335
Health Care Property Inv	32	17.0		9.3	365
New Plan Realty Trust	17½	15.9	26.1%	6.2	610
Weingarten Realty	25⅝	14.9		7.3	422
Washington REIT	17	13.9	19.9	6.4	263
Federal Realty Inv Trust*	19	13.6	20.4	7.4	318
Western Investment*	16⅜	13.2	19.0	8.6	261
Del-Val Financial[2]	17¼	13.2	16.8	11.1	99
Pennsylvania REIT	20	12.4	20.6	8.6	164
United Dominion Realty Trust*	15¼	11.1	21.3	8.1	177
IRT Property	11¼	10.8	20.0	10.3	137
Rockefeller Center Properties[2]	17⅝	9.4		10.7	661
Santa Anita	26	8.5	14.6	8.0	291
REIT of California*	14⅝	7.1	17.2	9.7	108
Nationwide Health Properties	16⅞	5.9		9.8	189
Capstead Mortgage[2]	14½	5.8		15.7	126
BRE Properties	26⅛	5.8	18.0	9.2	206
First Union Real Estate	14⅝	2.2	13.7	10.3	255
MGI Properties*	10½	–0.8	9.1	10.7	99
Property Capital Trust[3]	9¾	–3.2	10.5	24.7[4]	98

*Recommended by A.G. Edwards. [1]With dividends reinvested. Through 6/30/90. [2]Mortgage REIT. [3]Mortgage/equity hybrid. [4]Includes special dividend. *Sources: National Association of REITs; Forbes.*

If you look back over the 1980s, gold funds seem a rotten investment. But they do offer protection against Middle Eastern madmen and inflation scares.

The Hussein hedge

By Suzanne L. Oliver

BY ITSELF, gold isn't a good bet for your investment portfolio. Over the past century its price, adjusted for inflation, has inched up at less than a 1% annual rate, scarcely enough to pay for storage and insurance. Shares in gold mines aren't much better, except during years of rising inflation. The year 1979 was a great one for gold and gold shares. The past decade has been a disaster.

As an additive in a diversified portfolio, however, gold—bullion, gold stocks or gold funds—makes sense. Why so, when its recent record is rotten? Because gold is an inflation antidote, and inflation is not dead, just slowed down. If inflation got out of

WHOOP!
WHOOP!

Patrick McDonnell

hand again in the U.S., bonds—and probably stocks, too—would be hammered badly. But a small position in gold—say 5% or 10% of a portfolio—would make up some of the loss.

That is the selling proposition that keeps 30 precious-metals funds with assets totaling $4 billion in business. The mess in the Middle East and the 50% gain in the price of oil in the past month should bring a little more business their way. "Uncertainty is positive for the price of gold," says Kenneth Oberman, manager of the Oppenheimer Gold & Special Minerals Fund. "People like to have a store of value."

In theory, an astutely managed gold fund should be able to make good money even when inflation is abeyant, by trading gold positions for small gains. But even the best gold funds don't succeed at that with any consistency. Look at Ken Oberman, who started his fund in 1983 and proceeded to put it at the top of the heap. Oppenheimer Gold's five-year average annual return of 21% is twice that of the second-best-performing metals fund. But this year Oberman is flummoxed. His fund was down 16% for the first six months of 1990. What went wrong?

Oberman's earlier success, he says, was based on his observation of the relationship between the price of gold and the value of the dollar. He discovered that gold and the value of the dollar against a trade-weighted basket of foreign currencies have moved inversely to each other ever since the dollar was freed from gold in 1974. Peaks in the price of gold have occurred simultaneously with bottoms in the dollar. So Oberman used that relationship to predict the price of gold. If he thought the dollar was going down, he bought gold. When he thought the dollar was going up, he sold. The theory served him well, because he was pretty good at guessing where the dollar was going to go. He based those guesses on a lot of things: trade deficits, what the Federal Reserve was up to, and tax policy, for instance.

At the beginning of 1990, Oberman, expecting the dollar to weaken and gold, therefore, to strengthen, was totally invested in gold, platinum, silver and diamonds. But precious metals fell. "I feel like a jerk," Oberman was saying in an interview in July. And so he moved 25% of the fund's assets into cash—just in time to miss the beginning of the Hussein bull market for inflation hedges.

In his office high in the World Trade Center, the 60-year-old fund manager leans back in his reclining desk chair and studies the dollar/gold chart taped to his wall. The Mideast turmoil has boosted his fund's share value a little, but the long-standing inverse dollar/gold relationship is still a little out of whack. "I'm not willing to take what has been close to 20 years of history and throw it out the window simply because we've had five or six months of it not working," he says. There's really no telling if the formula will work again.

The table at left lists the better-performing gold funds. You can expect that even a mediocre one will provide some counterinflationary cushion. But you have to be very lucky to find one that performs well as an investment in its own right, as Oberman's fund did until his formulas stopped working. ■

The ones that glitter

Of the best-performing gold funds since 1985, only one beat the stock market. Their main value is as an insurance policy against inflation.

Fund	Assets ($mil)	Total return 5 years (annualized)	Total return last 12 months	Maximum sales charge	Annual expenses per $100
Oppenheimer Gold & Special Mins	$163	21.4%	3.3%	8.50%	$1.37
Franklin Gold Fund	279	12.8	10.1	4.00	0.78
Lexington Goldfund	121	10.8	1.7	none	1.42
Vanguard Special-Gold & Prec Metals	161	10.7	5.0	none§	0.45
IDS Precious Metals Fund	81	10.4	–2.9	5.00	1.46
SLH Investment-Precious Metals	69	9.3	–3.4	5.00b	2.45
Van Eck International Investors	699	8.6	11.0	8.50	0.88
United Services-Global Resources	32	8.5	–0.5	none	2.10
Freedom Inv-Gold & Government	69	8.4	6.7	3.00b	1.89
Bull & Bear Gold Investors	39	7.7	1.5	none	2.49p
S&P 500		17.3	16.4		

p: Net of partial absorption of expenses by fund sponsor. b: Includes back-end load that reverts to distributor. §Distributor may impose redemption fee whose proceeds revert to the fund.

It's one of the natural cycles of investment life. Closed-ends come out at a sucker's premium, shrink to discounts and thus attract raiders looking for a liquidation.

Duck shoot

By Richard Phalon

IT'S OPEN SEASON on deep discount closed-end investment companies. Opportunist money managers have under siege at least seven closed-end funds, including such popular underwritings of the last three or four years as the Brazil Fund, the Blue Chip Value Fund and the Nicholas-Applegate Equity Fund.

If you are a shareholder in one of these funds, you should welcome the attack. Before the raid, a closed-end fund may be trading at, say, 85 cents per dollar of assets that it owns. If the raid is successful, the fund is either liquidated at something close to 100 cents on the dollar or open-ended. An open-end fund is one whose operator is required to cash out any shareholder at 100 cents on the dollar.

If the raiders fail to force a liquidation or open-ending, the effect may nonetheless be positive: Buying pressure may boost the market price of your shares. Now, if and when you have to get out, you realize maybe 90 or 95 cents per dollar of assets, instead of only 85 cents.

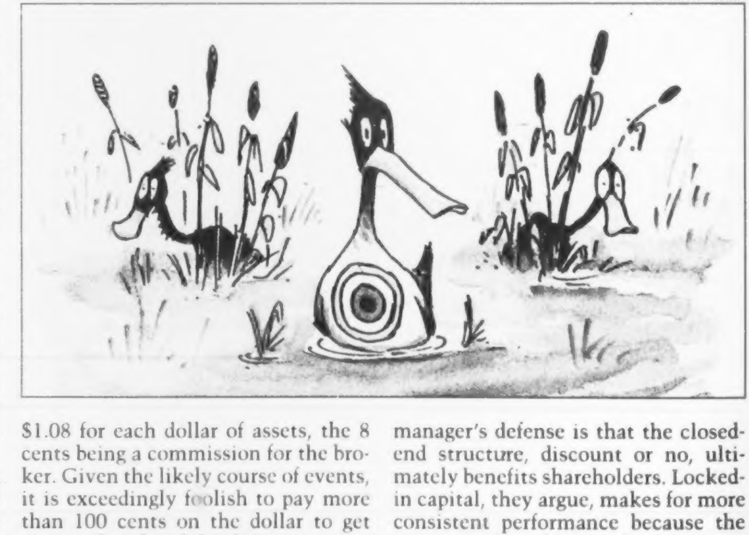
The raiders, of course, are hoping that the erasing of the discount will take place as quickly as possible. The sooner they can cash out and redeploy their money on another arbitrage, the better their annual return.

The motives of the raiders are clear. "It's like buying 85-cent dollars," says Peter Thayer, 42, whose Gateway Investment Advisers, a Milford, Ohio-based money manager, pushed the $87 million Schafer Value Trust into liquidation in July. The Schafer score came some 11 months after Gateway picked up what Thayer says was a fast 50% return on its money by pressuring the Financial News Composite Fund into open-ending.

"We'll find more," crows Thayer. "When you look at the discounts, it's amazing how much opportunity you find." *(See table, p. 166.)*

The opportunities are there because so many closed-ends were formed during the bullish 1980s. A new closed-end is created when brokers persuade investors to pay (typically) $1.08 for each dollar of assets, the 8 cents being a commission for the broker. Given the likely course of events, it is exceedingly foolish to pay more than 100 cents on the dollar to get into a closed-end fund. Even paying 100 cents on the dollar isn't very smart, because odds are the fund will eventually droop to 85 cents on the asset dollar or even less. Nevertheless, during periods of rising stocks, willing victims can usually be found.

Patrick McDonnell



After a fixed allotment of shares has been sold, the fund's manager invests the proceeds in stocks and bonds, and the fund's shares trade in the secondary market like shares of any other corporation. In time, the excitement over the creation of a new fund diminishes and the price of the fund's shares shrinks, from $1.08 per dollar of assets to $1, and thence—usually, but not always—to some amount considerably less than $1. Then the raiders show up.

Depending on how well the portfolio manager has done in the meantime, the original investors may be sitting on a profit, even without a boost from a raid. But they would have done better to buy a no-load open-end fund run by the same portfolio manager or another manager of comparable abilities. The most you can get out of a raid is 100 cents per dollar of portfolio assets in the fund; that payout is guaranteed at all times in an open-end fund.

Sometimes the operator of a besieged closed-end quickly capitulates (the Japan Fund, for one, in 1987), but wars of attrition are more typical (as at Bancroft Convertible, the Cypress Fund and Liberty All Star). The fund manager's defense is that the closed-end structure, discount or no, ultimately benefits shareholders. Locked-in capital, they argue, makes for more consistent performance because the managers don't have to keep cash on hand to meet potential redemptions. Maybe, but locked-in capital also makes for a more consistent flow of advisory fees.

Early death certainly did not seem to be in the cards when Schafer Value Trust came to market late in 1986. The fund had everything going for it: a highly regarded manager in David K. Schafer, whose Princeton, N.J.-based advisory firm runs $350 million in mainly institutional money; the prestige of a Lazard Frères & Co. underwriting; and a promising investment focus on big companies trading at low multiples of their earning power, such as Federal Express and Citicorp.

Like many of the other closed-ends brought out in a rush around the same time, though, Schafer Value had barely been fully invested when the market crash of 1987 hit. Stock that had sold on the underwriting at $9 a share plunged to $6, an insulting 20% below net asset value.

Like many other threatened closed-end managers, David Schafer worked at narrowing the discount by having the fund buy its own shares in the open market. Such repurchases benefit loyal shareholders, putting in their hands profits that might otherwise have gone to a raider. Consider this hypothetical situation. A fund has a portfolio worth $150 million and 10 million shares outstanding that trade at $12 each, a 20% discount to their $15 underlying value. If the manager were able to pick up 5 million of the fund's own shares at $12 each, he would shrink the portfolio value to $90 million but instantly boost the net asset value of each remaining share to $18.

Relative bargains

A closed-end fund trading at a big discount to its liquidating value is a potential bargain—especially if its performance is good and/or it is potential raider bait. But beware of high expenses. Here, we compare discounts to expenses in the "relative discount" column. This is calculated as the number of years it would take for the expenses to wipe out the benefit of the discount. (The number is roughly the same as the discount divided by the expense ratio.) These 30 funds score highest in relative discount among those in the main tables beginning on page 177.

Fund	Type	Recent price	Discount	Annual expenses per $100	Relative discount[1]
ASA Limited	foreign stock	49½	–21.0%	$0.51	46.1
Salomon Brothers	stock	12	–18.0	0.44	45.1
Tri-Continental Corp	stock	23⅜	–15.2	0.55	29.9
Baker, Fentress & Co	stock	18¾	–17.1	0.64	29.2
Adams Express	stock	16⅛	–12.6	0.51	26.3
Convertible Holdings[2]	balanced	15¼	–16.8	0.80	23.0
Counsellors Tandem Securities	stock	10	–21.9	1.08	22.8
Niagara Share Corp	stock	14¼	–19.0	1.08	19.4
General American Investors	stock	19	–18.3	1.04	19.4
American Capital Bond	taxable bond	16¾	–11.8	0.71	17.6
Lincoln National Income	taxable bond	24¼	–13.9	0.96	15.5
Scudder New Asia	foreign stock	15	–24.5	1.84	15.1
Royce Value Trust	stock	8⅞	–12.3	0.93	14.0
Quest For Value Dual[2]	stock	25	–11.0	0.83	13.9
Lincoln National Convertible Secs	balanced	12⅞	–12.2	0.94	13.7
Liberty All-Star Equity	stock	7⅞	–15.7	1.25	13.6
High Income Advantage Trust	taxable bond	5	–12.4	0.98	13.5
Independence Square Income Secs	taxable bond	14½	–12.3	0.97	13.5
Putnam Premier Income Trust	taxable bond	7⅛	–12.5	0.99	13.4
Prudential Intermediate Income	taxable bond	7½	–13.2	1.07	13.2
Putnam Master Inter Income Trust	taxable bond	7	–12.8	1.04	13.1
Excelsior Income Shares	taxable bond	15¼	–12.4	1.03	12.8
Circle Income Shares	taxable bond	10½	–11.4	0.98	12.3
Bancroft Convertible	balanced	17	–15.9	1.50	11.4
Castle Convertible	balanced	18¼	–12.9	1.20	11.4
Putnam Master Income Trust	taxable bond	7½	–11.2	1.06	11.2
H&Q Healthcare Investors	stock	10	–17.6	1.74	11.0
Asia Pacific	foreign stock	14	–17.3	1.72	10.9
Central Securities	stock	9	–17.7	1.83	10.6
Hampton Utils-Capital Shares	stock	10⅛	–12.1	1.45	8.8

Prices and discounts are as of Aug. 3, except for bond funds, which are as of Aug. 8. [1] Number of years after which expenses, continuing at current rates, would dissipate the benefit of buying the fund at its current discount and having it liquidated at full net asset value. [2] Dual fund, with capital and income shares treated as a unit. Due to be liquidated in 1997.

Why don't managers buy in shares more often? Because they don't want to shrink their portfolios. The advisory fee a manager collects is a percentage of the portfolio's value.

David Schafer's buy-ins didn't help much. Through 1988 Schafer Value struggled with a market price that averaged 17% below net asset value. Schafer managed to beat off the first of a series of open-end proposals advanced by an alliance of several groups that controlled 19% of the fund, but he was up against some serious players, one of which was the $2.5 billion Yale endowment. In March Schafer and his fellow directors approved a plan to liquidate, and shares that the raiders started buying at $6.25 were turned into checks for $10.25.

Given the kind of unwelcome attention discounts attract, some fund sponsors have decided to erase them by voluntarily switching to open-end structure. Among them: Prudential Strategic Income, Regional Financial Shares and Templeton Value.

Note that the raiders are not snapping at just any discount. Their focus is on situations where pressures for open-ending are likely to develop, but they don't want poor performers or ratty portfolios. The raider never knows how long it will take for his pressure to take effect, and he doesn't want to be in a situation where the asset value could simply melt away. Yale, a cautious player, has sizable positions in Nicholas-Applegate Equity (15% of outstanding); Royce Value (6% of outstanding); and the Morgan Grenfell Small Cap Fund (12%)—all good performers.

The raiders also tend to shy away from funds too large to intimidate. Thus, the discount on the $1.7 billion Tri-Continental Fund lingers at 15.2%. General American and Baker, Fentress have also escaped the sharks.

Says Thayer, "You may have to be patient, so you want managers with very, very good records." For the same reason, you also want funds with low expense ratios. No sense buying into an inept closed-end at a 10% discount, only to see the portfolio slowly eaten away for the next six years by a 2% annual expense ratio. ■

Annual Fund Ratings

Watch your wallets. Lexington Management Corp. has reopened its Corporate Leaders Trust Fund for new business.

Tail end of trend?

By Michael Fritz

IT'S A GOOD RULE of thumb on Wall Street that when a quiet trend becomes a noisy fad the trend is about to reverse. Consider the matter of stock index funds, which are designed to mechanically replicate the performance of a stock average such as the Dow or the Standard & Poor's 500. They have lately become a fad. That suggests the possibility that the blue chips in these indexes are all overpriced, and that it's time to get out of index funds.

Investors are flocking to index funds now because so many actively managed funds did worse than the indexes in the 1980s, whereas the index funds, with their fixed portfolios, kept up.

Witness these events since the beginning of last year: Assets in Vanguard's S&P 500 fund have doubled, Fidelity and Dreyfus have opened copycat index funds, and Lexington Management Corp. has reopened its Corporate Leaders Trust Fund to new investors.

Corporate Leaders? It's scarcely a big name in the fund business, and at $92 million in assets may never be. But it is symptomatic that the fund, after 14 years of dormancy, has reawakened. Not only that, but Lexington Management is boldly marketing this passively managed fund with a 0.72% expense ratio (due to drop to 0.61% in the next financial report) and a 4% sales load.

Corporate Leaders is a strange beast. Though not literally an index fund, its rigid portfolio of 23 blue-chip stocks comes pretty close to tracking the Dow industrial average. As a result, the fund has beaten even the S&P 500 in recent years, a reflection of how popular stocks like Procter & Gamble and Chevron have become. But remember: This impressive performance is not a product of stock-picking skill but simply a reflection of how the Dow has outperformed the generality of stocks in recent years.

Founded as a trust in 1935, Corporate Leaders held equal weightings in 30 blue chips, half of them Dow stocks. The strict terms of the trust are reminiscent of Army discipline: Everything that is not mandatory is prohibited. No new companies can be added to the portfolio. A company can be removed only if it stops paying dividends, is delisted from the New York Stock Exchange, or is acquired. Since the fund's inception, just seven stocks have been removed.

An index sampler

An index fund is supposed to be managed passively and keep its expenses low. These funds do just that. None charges a sales commission, and most have expense ratios under 0.5%.

Fund	Index	Assets ($mil)	Expense ratio
Dreyfus Peoples	S&P 500	$19	0.20%p
DFA Small Co Port[1]	smallest 20% of stocks	838	0.62
Fidelity Spartan Mkt	S&P 500	29	0.28p
Vanguard Index 500	S&P 500	2,368	0.20
Vanguard Intl Equity*	Morgan Stanley EAFE[2]	100	0.32
Vanguard Ext Mkt*	Wilshire 4500	185	0.23
Vanguard Bond Mkt	Salomon Brothers bonds	171	0.24

* Imposes 1% load that reverts to fund.

[1] $50,000 minimum initial investment; offered via fee-only financial planners. [2] Index of stocks from Europe, Australia and Far East. p: Net of absorption of expenses by sponsor.

Sources: Lipper Analytical Services; Forbes

Only once in its 55-year history did the managers of Lexington make a major portfolio decision, and, alas, they made it wrong. When AT&T disintegrated into eight companies in 1984, Lexington managers opted to keep only the parent and cash in the shares of the seven regional Bell companies. Since then the regionals have far outperformed the parent.

For a decade this passive fund was in the hands of none other than John Templeton, one of the giants of active money management. In 1959 Templeton acquired Corporate Leaders' advisory firm as part of a deal to gain access to a 400-man sales force, which hawked the fund through contractual plans. Templeton sold Lexington Research & Management in 1969 to Piedmont Management Co. Inc., an over-the-counter reinsurance holding company controlled by the heirs to the Richardson-Vicks fortune.

Lexington Management hasn't exactly shone under its new owners. It has three equity funds that are actively managed and at least a decade old: Goldfund, Growth Fund and Research Fund. All three trail the S&P 500 by 3 to as many as 13 percentage points annually, although the gold fund has done better than most other gold funds. Three new funds—with global, quantitative and bond portfolios—have attracted only $76 million in assets among them. A Piedmont director says the firm has felt out potential buyers for its beleaguered reinsurance operation, but it has yet to find any takers. Piedmont suspended its dividend last year.

Back to Lexington's Corporate Leaders. The sponsor clearly hopes to cash in on the vogue for index funds, but the fact that index funds have become a vogue suggests they have had their day. The nifty 500 have been beating the rest of the market for quite a while, and have probably reached a point where these institutional favorites are now overpriced.

Our advice to those about to buy an index fund: Not now. But if you must buy, at least get one with no sales load and with minimal operating expenses. ■

It makes no sense to buy a bond fund trading at a premium to net assets, but people put billions of dollars into such funds. How can they be so dumb?

Muni mystery

By Mark Fadiman

THE CLOSED-END FUND business has been warming up in the past several years, and one of the hottest spots in it right now is the tax-exempt sector. Since the beginning of last year, packagers like Allstate, Colonial Group and John Nuveen have poured into the market at least $6.5 billion in new closed-end municipal bond funds. Herein is a puzzling phenomenon. New closed-ends come to market at a premium of 7% or so over the value of their net assets, the premium largely representing a commission to the people who sell the fund. Yet experience shows that closed-end bond funds, in time, almost inevitably sink to discounts below their asset values. Thus, the original buyers are paying $1.07 for a mere dollar bill, which, moreover, one can reasonably predict will be worth only 95 cents or so a few years later. As a matter of fact, they could easily buy existing funds at a discount. How dumb can investors be?

There are two plausible factors behind this mass delusion. One is that the buyers don't know exactly what a closed-end premium is. The other is that they don't have the foggiest notion of what a yield curve is. The buyers may not be dumb, but they sure are uninformed.

Consider first the matter of the premium. "This kind of product is sold, not bought," explains Thomas Herzfeld, a Miami-based money manager specializing in closed-ends. Herzfeld's numbers show bond funds eventually sink to an average 4% discount. Buyers do not approach retail brokers asking to get into a new closed-end. The brokers call them. They then talk a lot about yields and tax savings, and as little as possible about costs.

One former Shearson Lehman Brothers broker, who now works for a law firm, says it's all a question of semantics. "If an offering comes out at $10 a share, you can either offer it to the customer at $9 plus a $1 commission, or you can offer the share to the customer for $10 and not mention the sales charge. It's legalized nondisclosure." Posing as an ingenuous investor, this reporter called brokers at several large retail firms for information on new muni funds. Two double-talked their way around the underwriting commission. A third lied, saying flatly there was no "up front" load on a new closed-end bond fund, there were only portfolio management fees.

The brokers can take steps to insure that the grim reality of discounts does not intrude upon the process too early. Many of the new funds are "supported" by the underwriters—a polite way of saying the brokers are doing what they can to dissuade sellers. "They tell you they'll take away your commission if your customer sells out of the fund," one PaineWebber broker complains. "That means you discourage your customer from selling even if you know damn well the fund is going to fall."

Sooner or later, though, the support stops. Nuveen Municipal Advantage, which came out last December at $15, a 6% premium over its net asset value, is still holding up pretty well on the New York Stock Exchange, at a 3% premium. Contrast New York Tax-Exempt Income, which came out in 1987 and has sunk to a 5% discount on the American Stock Exchange. Someone who bought that one new and sold today, incurring a second brokerage commission on the sale, would do about 13% worse than someone getting in and out of a no-load bond fund. That's a pretty big handicap in a tax-exempt fund—not quite two years' income.

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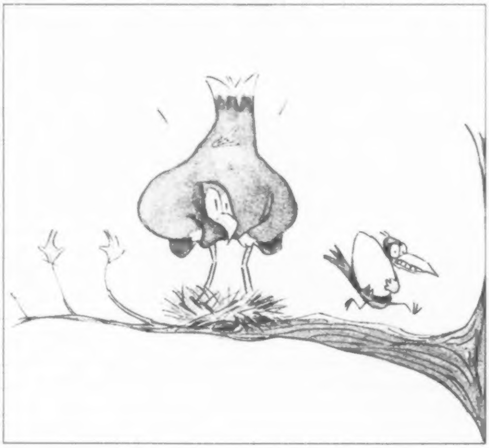


Then there is the matter of the yield curve. What makes Nuveen Municipal Advantage and other funds like it so attractive is an artificially boosted yield. The Municipal Advantage portfolio of long-term bonds yields only 7% after expenses, yet the mutual fund is paying its investors at a rate of 7.7% of their net asset value. How is that possible? The fund is using leverage. Here's how it works: A third of its capital consists of preferred shares paying 5.5%, with the yield reset weekly. In effect, the fund is borrowing short to lend long, an old and dangerous game on Wall Street. It works beautifully until interest rates spike up, at which point the common shareholders are facing artificially depressed yields and unusually large capital losses.

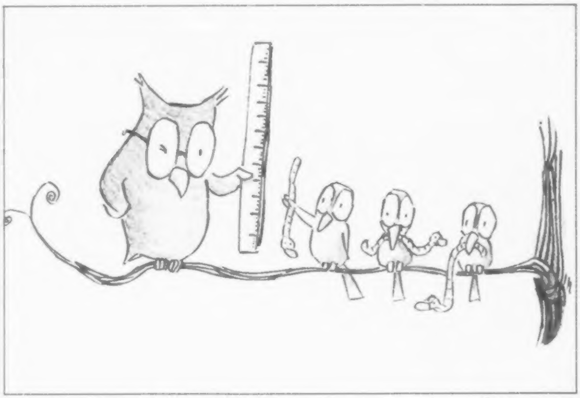
"If you want to make a bet on munis, you should either buy the bonds themselves or a no-load open-end fund," says Robert Gordon, president of Twenty-First Securities. "Certainly you shouldn't buy closed-end funds at a premium." Indeed, he and others like him may be short-selling the premium muni fund you are tempted to buy. Don't be a dumb investor. Know what you are buying. ■

Annual Fund Ratings/Rules

FORBES RATES FUNDS separately in bull and bear markets. There are two advantages to this approach over a simple straight-line performance grade. One is that it makes explicit the fact that funds tend to do well in only one kind of market environment. The other is that it enables you to get a good sense of the risk in a fund. Funds with the worst bear market grades are the riskiest. This is key to an investment decision: You trade off risk against return.

The chart opposite displays the three market cycles over which we rate stock funds. Funds with records across three up periods are compared with one another and graded on the curve for bull market performance. Funds with only two segments of bull market performance are graded separately against one another. Bear market grades are awarded in similar fashion.

Balanced funds, which invest in a mix of stocks and bonds, are evaluated over the same market cycles as stock funds. But they have their own grading pools. We generally consider convertible bond funds and "asset allocation" funds that switch between stocks and bonds to be balanced.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Foreign stock funds are graded against one another in a similar way. But their up and down segments, which are defined by a Morgan Stanley index, are different; see the chart on page 212. Taxable bond funds are rated against the Merrill Lynch index shown on page 220. Municipal bond funds (page 230) are given separate up and down market grades for performance over the past five years. For them, the five-year period is divided into individual one-month up or down segments as defined by a Shearson Lehman municipal bond index.

The "average annual total return" shows the compound annual return of the fund over three full market cycles. This and the other performance figures—yield and 12-month total return—are net of expenses taken off the top by the fund sponsor. That's because expenses come out before dividends are distributed. Those distributions are in turn used, along with the fund net asset values printed in the daily newspapers, to calculate a performance figure. In the calculation of total return we assume that a distribution is reinvested in additional shares of the fund at the end of the month in which the payout went ex-dividend.

Why do we print expense ratios if overhead costs are already reflected in performance numbers? Because they are the one component of performance that is very predictable. A lucky manager can put his fund at the top of a chart in spite of an excessive management fee or high overhead. The next year he may not be so lucky. But management fees and other expenses will continue as a drag on performance. Expenses as we define them include management fees, 12b-1 "distribution" fees and overhead. They do not include interest or brokerage commissions for the fund's trading.

Our performance numbers—both those displayed in the tables and those used to award grades—do not take into account sales charges. Thus we are measuring portfolio management skills rather than investment results. The only exception is in the "hypothetical investment results" column of the honor roll (page 126). Performance and other data are as of June 30.

Sometimes a fund sponsor merges a large fund with a bad record into a small fund with a clean record. We treat this transaction as if the merger had gone the reverse way, thus preserving the large fund's performance history. This explains why our performance numbers for several funds differ from those claimed by the funds. Also, we do not expunge a fund's history when its management changes hands.

Funds marketed by several brokers, including Merrill Lynch and Pru-Bache, give investors a choice between shares with a declining back-end load and fairly high 12b-1 fees, and shares with a front-end load and little or no 12b-1 fees. We report performance for the latter type of shares but assets for the entire fund.

Yield is the sum of dividends from investment income over the past 12 months, divided by the June 30 net asset value. It may differ from the 30-day yield as defined by the Securities & Exchange Commission.

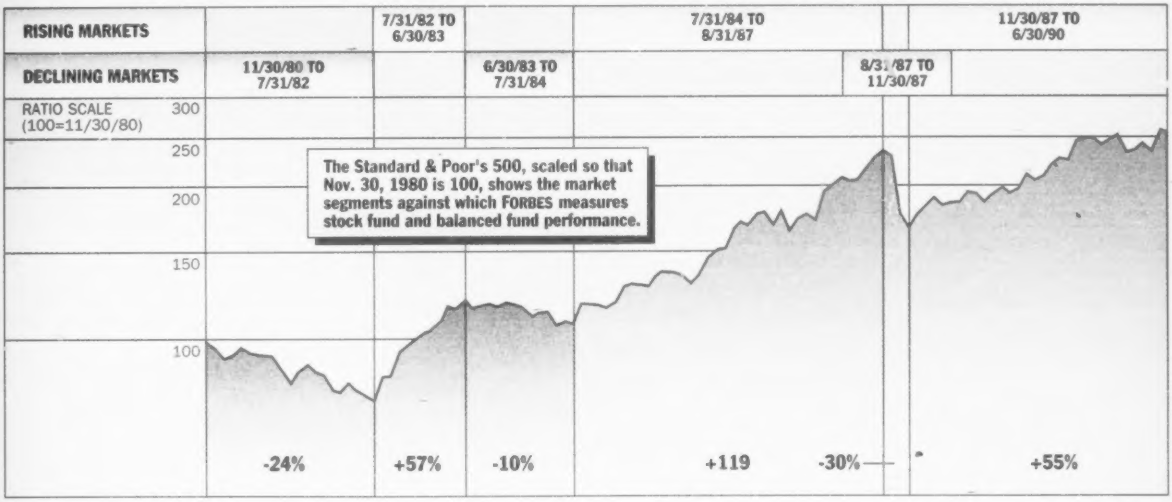
To be included in the annual survey a fund must have a minimum investment below $100,000 and be open to the general public. An exception to the latter rule is made for certain widely held membership-only funds, such as those of the American Association of Retired Persons. A fund must have 12 months of performance data before we add it to our catalog.

A stock or balanced fund is added to the survey when it reaches $5 million in assets and dropped when assets fall below $2 million. Taxable bond funds must have either $100 million in assets or $25 million and either a foreign portfolio or enough history to be rated. Municipal bond funds must have either $100 million in assets or $25 million and a single-state portfolio. Taxable money markets must have $500 million in assets; tax-free money markets, $100 million or $25 million and a single-state portfolio.

Much of the raw data for this issue come from CDA Investment Technologies in Rockville, Md. and Lipper Analytical Services in New York City. ■

Stock funds

Forbes rates stock funds over the three market cycles shown in the chart below. To be rated, a fund must have been in existence for at least two of the market cycles, that is, since June 30, 1983. Foreign stock funds, a category that includes most gold funds, are rated separately against a different benchmark (see page 212). Performance and other data are as of June 30, 1990. For more information about a fund, call or write the distributor listed after the fund name, using the table of distributors that begins on page 248. Closed-end funds have no distributor; they can be bought and sold in the secondary market through a broker, like shares of industrial companies. The average annual total return is compounded; it and other performance numbers are calculated after deducting expenses but before sales load.


The Standard & Poor's 500, scaled so that Nov. 30, 1980 is 100, shows the market segments against which FORBES measures stock fund and balanced fund performance.

Performance in UP markets	in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		AAL Capital Growth Fund/AAL Mutual	—*	16.8%	2.1%	$143	155%	4.75%	*$1.40p*
		AARP Growth–Capital Growth/Scudder	—*	1.3	0.6	219	50	none	1.11
		AARP Growth–Growth & Income/Scudder	—*	7.0	4.3	269	23	none	1.08
C	D	**ABT Growth & Income Trust/ABT**	10.0%	5.5	4.4	96	–7	4.75	*1.23*
•A	•D	**ABT Invest–Emerging Growth/ABT**	—*	16.5	none	20	–4	4.75	*1.78*
•D	•A	**ABT Invest–Security Income/ABT**	—*	–4.2	5.9	5	–32	4.75	*2.32*
D	A	**ABT Utility Income Fund/ABT**	11.5	11.6	6.2	144	24	4.75	*1.21*
B	C	**Acorn Fund/Acorn**	14.5	12.3	1.3	953	29	none§	0.73
		Adam Investors/Siebel	—*	17.5	5.1	4	43	none	1.71
D	B	**Adams Express/closed-end**	12.5	16.5	3.9	567	11	NA	0.51
		Advance Amer–Equity Inc/Oppenheimer	—*	2.5	2.5	11	15	4.75	*2.29p*
		Advantage Growth Fund/Advest	—*	13.4	1.2	30	8	4.00b	*2.33*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. §Distributor may impose redemption fee whose proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 248. Rules, page 176

Annual Fund Ratings

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expense per $10
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
C	B	Affiliated Fund/Lord Abbett	14.4%	11.1%	4.4%	$3,554	2%	6.75%	*$0.42*
F	C	Afuture Fund/Afuture	2.9	0.9	0.9	7	–15	none	1.50p
C	B	Aim Equity–Charter Fund/AIM	13.0	23.7	3.6	90	36	5.50	*1.37*
A+	F	Aim Equity–Constellation Fund/AIM	12.1	33.4	0.1	129	53	5.50	*1.30*
A+	D	Aim Equity–Weingarten Equity/AIM	16.1	30.6	0.5	684	101	5.50	*1.27*
•B	•D	Aim Summit Fund/AIM	—*	19.6	1.9	306	43	**	0.82
		Alger Fund–Growth/Alger	—*	30.1	none	7	30	5.00b	*3.21*
		Alger Fund–Small Capitalization/Alger	—*	33.6	none	31	300	5.00b	*2.75*
		Alliance Counterpoint Fund/Alliance	—*	1.4	1.2	57	8	5.50	*1.66*
B	D	Alliance Fund/Alliance	11.0	14.4	2.0	724	–12	5.50	*0.75*
C	B	Alliance Growth & Income[1]/Alliance	15.1	12.5	3.6	370	1	5.50	*1.07*
A+	D	Alliance Quasar Fund/Alliance	14.4	2.5	none	343	84	5.50	*1.10*
A+	•D	Alliance Technology Fund/Alliance	—*	25.8	none	166	11	5.50	*1.66*
D	D	AMA Family of Funds–Classic Grow/AMA	8.1	6.5	3.2	17	–50	none	*1.76*
		AMA Family of Funds–Growth + Inc/AMA	—*	6.7	2.4	9	–20	none	*2.10*
C	B	Amcap Fund/American Funds	14.7	14.6	2.5	2,163	14	5.75	*0.72*
C	A	American Capital Comstock/American Cap	15.5	15.9	3.5	952	5	8.50	0.69
B	D	American Capital Enterprise/American Cap	10.4	16.3	3.5	602	6	5.75	*0.78*
B	D	American Capital Exchange Fund/‡	11.1	19.8	2.2	41	–9	none	0.77
C	A	American Capital Pace Fund/American Cap	16.3	13.5	2.9	2,457	2	5.75	*0.72*
D	A	American Capital Venture/American Cap	13.2	24.8	1.5	242	25	5.75	*0.97*
		American Gas Index Fund/Rushmore	—*	10.8	4.5	93	189	none	0.75
D	A	American Growth Fund/American Growth	9.7	12.4	4.0	59	–2	8.50	1.32
C	F	American Investors Growth/Amer Investors	0.5	15.3	0.4	73	13	8.50	1.55
D	A	American Leaders Fund/Federated	15.2	7.0	4.3	150	0	4.50	*1.02p*
D	A	American Mutual Fund/American Funds	16.1	10.9	4.9	3,492	18	5.75	*0.59*
B	C	American National Growth/Securities Mgmt	13.6	12.1	2.7	107	4	8.50	1.06
D	A	American National Income/Securities Mgmt	14.9	12.8	4.2	74	13	8.50	1.17
		AMEV Advantage–Capital Apprec/AMEV	—*	35.1	0.1	23	118	4.50	*1.80*
A	B	AMEV Capital Fund/AMEV	15.2	18.4	1.6	159	26	4.75	*1.16*
A	•C	AMEV Fiduciary Fund/AMEV	—*	19.3	0.7	35	16	4.50	*1.42*
A	C	AMEV Growth Fund/AMEV	15.2	23.3	0.2	256	22	4.75	*1.01*
C	C	Amway Mutual Fund/Amway	11.1	21.7	0.9	41	14	6.50	1.20
D	A	Analytic Optioned Equity Fund/Analytic Option	11.3	9.7	3.7	108	–2	none	1.09
		API Trust–Growth/Amer Pension	—*	3.5	0.8	31	–4	none	*2.60*
D	C	Armstrong Associates/Armstrong	7.9	5.6	3.3	10	0	none	1.90

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Exchange fund, not currently selling new shares. **Availabl only through monthly contractual plan. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in forc* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. [1]Formerly Alliance Dividend Shares.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP	Performance in DOWN		Total return			Assets			
in UP —markets—	in DOWN	Fund/distributor	Annual average 11/80 to 6/90	Last 12 months	Yield	6/30/90 ($mil)	% change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		ASO Outlook Group–Equity/Winsbury	—*	10.9%	2.8%	$15	314%	none	$1.21p
		Associated Planners Stock Fund/Assoc Plan	—*	21.2	1.5	20	34	4.75%	2.26
A	F	**Axe-Houghton Stock Fund/Axe**	9.0%	19.0	0.7	70	14	none	*1.60*
		Babson Enterprise Fund/Jones & Babson	—*	8.7	1.4	96	33	none	1.24
C	D	**Babson Growth Fund/Jones & Babson**	11.3	6.1	2.4	259	–3	none	0.86
		Babson Value Fund/Jones & Babson	—*	4.5	2.7	25	123	none	1.06
		Baird Blue Chip Fund/Baird	—*	20.5	1.8	33	63	5.75	*1.80*
		Baird Capital Development Fund/Baird	—*	18.9	0.5	23	18	5.75	*1.80*
D	B	**Baker, Fentress & Co/closed-end**	11.7	0.1	3.0	447	–6	NA	0.64
		Baron Asset Fund/Baron	—*	–2.2	1.1	55	74	2.00b	*1.78p*
•D	•A	**Bartlett Capital–Basic Value/Bartlett**	—*	5.3	6.8	109	2	none	1.19
•D	•A	**Bascom Hill Investors/Madison**	—*	–5.0	5.4	9	–2	none	1.16
D	B	**Beacon Hill Mutual Fund/Beacon Hill**	11.0	17.2	none	4	18	none	3.57
		Benham Gold Equities/Benham	—*	9.8	0.5	79	452	none	1.00
B	D	**Berger One Hundred Fund[1]/Berger**	11.7	28.0	0.1	19	59	none	*1.62*
C	A	**Bergstrom Capital/closed-end**	18.2	17.8	1.5	73	9	NA	0.97
		Berwyn Fund/Berwyn	—*	0.7	0.7	14	13	none§	1.42
		Blanchard Precious Metals Fund/Sheffield	—*	–12.5	0.5	30	19	none[2]	*2.95*
		Blanchard Strategic Growth/Sheffield	—*	7.9	2.5	243	–2	none[2]	*2.28*
		Blue Chip Value Fund/closed-end	—*	11.8	10.2	73	1	NA	1.38
B	C	**Boston Co Capital Appreciation/Boston Co**	13.8	7.3	2.1	606	11	none	*1.23*
		Boston Co Special Growth Fund/Boston Co	—*	–0.8	1.7	44	–6	none	*1.80*
		Brandywine Fund/Brandywine	—*	31.8	0.2	287	94	none	1.12
D	B	**Bridges Investment Fund/Bridges**	10.9	15.1	4.1	12	21	none§	1.02
C	D	**Bull & Bear Capital Growth/Bull & Bear**	8.2	17.3	none	72	2	none	*2.66*
D	B	**Bull & Bear Equity-Income Fund/Bull & Bear**	10.2	7.2	3.5	11	–8	none	*2.98*
		Bull & Bear Finl News Comp/Bull & Bear	—*	12.4	2.7	10	–84	none	*1.53*
		Bull & Bear Special Equities/Bull & Bear	—*	44.3	none	32	731	none	*3.50p*
D	A	**Burnham Fund/Burnham**	13.0	8.8	5.8	133	–22	5.00	1.08
		Calvert Ariel Growth Fund/Calvert	—*	8.7	1.4	248	169	†	*1.41*
•B	•C	**Calvert Fund–Capital Value[3]/Calvert**	—*	15.7	1.2	10	30	4.50	*1.48*
		Calvert Fund–Washington Area Gr/Calvert	—*	–12.1	none	16	–21	4.50	*2.41*
		Calvert Social Inv–Equity/Calvert	—*	11.8	1.3	22	296	4.50	0.21p
C	B	**Capital Exchange Fund/‡**	12.7	20.9	2.0	79	12	NA	0.89
		Capital Income Builder/American Funds	—*	9.6	5.2	222	28	5.75	*1.11*
		Capstone EquityGuard Stock/Capstone	—*	–4.5	2.5	2	–55	4.75	2.50p

•Fund rated for two periods only, maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. ‡Exchange fund, not currently selling new shares. §Distributor may impose redemption fee whose proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Formerly One Hundred Fund. [2] Flat fee of $125 on initial investment. [3] Formerly Calvert Fund–Equity.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
C	A	**Cardinal Fund/Cardinal**	15.8%	10.1%	4.8%	$198	27%	8.50%	$0.71
		Carnegie-Cappiello–Growth/Carnegie	—*	14.2	1.5	78	31	4.50	*1.41*
		Carnegie-Cappiello–Total Return/Carnegie	—*	4.7	5.0	81	16	4.50	*1.70*
		Cashman Farrell Value Fund/Capstone	—*	–4.0	2.7	10	1	4.75	1.66p
D	D	**Central Securities/closed-end**	8.7	–6.1	0.9	123	–2	NA	1.83
C	A	**Century Shares Trust/Century Shares**	17.1	15.2	2.7	143	12	none	0.94
A+	B	**CGM Capital Devel¹/New England**	20.3	24.4	1.6	208	8	†	0.90
		Champion High Yield Fund/Oppenheimer	—*	5.9	12.9	16	–31	4.75	*1.41*
B	B	**Chestnut Street Exchange Fund/‡**	15.0	17.5	2.3	171	11	NA	0.60
		Cigna Aggressive Growth Fund/Cigna Mutual	—*	18.7	0.2	12	–6	5.00	*1.25p*
B	C	**Cigna Growth Fund/Cigna Mutual**	12.3	23.3	1.8	187	5	5.00	*1.00*
		Cigna Utilities/Cigna Mutual	—*	12.8	5.2	67	81	5.00	*1.05p*
		Cigna Value Fund/Cigna Mutual	—*	28.5	2.6	91	33	5.00	*1.00p*
		Clipper Fund/Pacific Finl	—*	0.9	2.4	151	45	none	1.18
A	D	**Colonial Growth Shares Trust/Colonial**	13.1	13.3	1.6	133	21	6.75	*1.07*
		Colonial Small Stock Index Trust/Colonial	—*	0.4	0.3	43	–8	4.75	*1.68*
D	B	**Colonial Strategic Inc–Diversified/Colonial**	8.7	4.1	10.4	433	–22	6.75	*1.10*
		Colonial Strategic Inc–Inc Plus/Colonial	—*	1.4	11.7	79	–27	6.75	*1.15*
		Colonial US Equity Index Trust/Colonial	—*	14.2	1.9	38	13	4.75	*1.64*
		Colonial VIP Equity–Div Return/Colonial	—*	5.5	2.8	27	127	5.00b	*2.25p*
		Colonial VIP Equity–Growth²/Colonial	—*	3.1	0.6	12	75	5.00b	*2.25p*
		Colonial VIP Equity–Inflation Hedge/Colonial	—*	11.9	2.7	6	43	5.00b	*2.25p*
A	C	**Columbia Growth Fund/Columbia**	15.3	16.6	2.2	329	38	none	0.92
		Columbia Special Fund/Columbia	—*	18.7	0.1	142	124	none	1.25
		Common Sense–Growth/Common Sense	—*	18.5	1.5	988	47	8.50	1.63
		Common Sense–Grow & Inc/Common Sense	—*	15.5	2.4	402	77	8.50	1.39
D	A	**Commonwealth Inv–Growth³/Trusteed**	14.6	10.5	3.8	8	17	7.50	1.25
D	A	**Composite Growth Fund/Murphey Favre**	13.2	0.9	4.5	70	–3	4.00	*1.18*
		Composite Northwest 50 Fund/Murphey Favre	—*	28.9	0.5	45	360	4.50	*1.41*
		Connecticut Mutual–Growth/Phelps	—*	18.2	4.0	39	22	6.25	1.17
D	•A	**Copley Fund/Copley**	—*	6.0	none	30	18	none	1.86p
		Counsellors Capital Appreciation/Counsellors	—*	9.8	1.9	74	45	none	1.05
		Counsellors Emerging Growth/Counsellors	—*	4.5	2.9	31	35	none	1.25p
		Counsellors Tandem Securities/closed-end	—*	14.2	1.8	65	–35	NA	1.08
C	C	**Country Capital Growth Fund/Country Cap**	12.3	15.9	3.7	82	10	3.00	0.84
		Cowen Income + Growth Fund/Cowen	—*	2.5	4.3	44	–2	4.85	*2.05*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. ‡Exchange fund, not currently selling new shares. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. ¹Formerly Loomis-Sayles Capital Development. ²Formerly Colonial VIP–Aggressive Growth. ³Formerly GPM Fund.

Distributor table, page 248. Rules, page 176.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		Cowen Opportunity Fund/Cowen	—*	33.2%	none	$9	27%	4.85%	*$3.28p*
		Cypress Fund/closed-end	—*	1.7	none	63	–28	NA	3.05p
C	C	**Dean Witter American Value/Dean Witter**	10.6%	12.3	2.0%	101	11	5.00b	*1.66*
•D	•D	**Dean Witter Devel Grow Secs/Dean Witter**	—*	27.0	0.4	97	14	5.00b	*1.94*
C	•A	**Dean Witter Div Grow Secs/Dean Witter**	—*	10.3	3.3	3,111	45	5.00b	*1.41*
C	•C	**Dean Witter Natural Res Dev/Dean Witter**	—*	14.2	3.2	159	17	5.00b	*1.81*
		Dean Witter Option Income/Dean Witter	—*	7.1	5.3	179	–23	5.00b	*2.06*
		Dean Witter Utilities Fund/Dean Witter	—*	7.3	5.8	1,268	92	5.00b	*1.68*
		Dean Witter Value-Added Mkt/Dean Witter	—*	6.1	1.7	148	90	5.00b	*1.94*
D	A	**Delaware Group Decatur Fund–I/Delaware**	15.5	3.0	6.3	1,850	7	8.50	0.67
		Delaware Group Decatur Fund–II/Delaware	—*	6.1	4.8	374	46	4.75	*1.24*
		Delaware Group DelCap Fund–I/Delaware	—*	17.8	0.8	192	62	4.75	*1.42*
A+	C	**Delaware Group Trend Fund/Delaware**	16.4	14.1	0.5	88	31	8.50	1.30
		Delaware Group Value Fund/Delaware	—*	3.5	1.1	10	3	4.75	*1.72*
B	D	**Depositors Fund of Boston/‡**	11.7	15.2	1.9	58	2	NA	0.85
B	C	**Diversification Fund/‡**	13.8	16.3	1.8	69	9	NA	0.85
F	•B	**Dividend/Growth–Dividend/Dividend Growth**	—*	9.3	3.2	2	–14	none	2.49
A	B	**Dodge & Cox Stock Fund/Dodge & Cox**	16.3	15.5	3.0	157	58	none	0.65
		Dover Regional Financial Shares/closed-end	—*	–22.0	2.3	5	–25	NA	1.96
		Dreyfus Capital Value Fund/Dreyfus	—*	–3.4	6.3	679	17	4.50	*1.22*
D	A	**Dreyfus Fund/Dreyfus**	13.0	14.4	4.8	2,747	16	none	0.75
C	D	**Dreyfus Growth Opportunity Fund/Dreyfus**	8.3	7.4	4.4	512	–12	none	1.00
		Dreyfus Index Fund/Dreyfus	—*	15.3	3.1	66	53	none	0.85
D	B	**Dreyfus Leverage Fund/Dreyfus**	11.6	13.6	4.3	474	2	4.50	1.58
		Dreyfus New Leaders Fund/Dreyfus	—*	16.3	1.3	183	87	none	*1.37*
		Dreyfus Strategic Aggres Inv LP/Dreyfus	—*	6.3	none	80	–40	3.00	*3.06p*
		Dreyfus Strategic Investing/Dreyfus	—*	14.9	1.1	112	10	4.50	*2.09p*
D	C	**Dreyfus Third Century Fund/Dreyfus**	9.6	19.5	2.5	197	23	none	1.04
D	B	**Eagle Growth Shares/Baxter**	9.2	–1.3	0.3	4	42	8.50	1.53p
		Eaton Vance Equity-Income/Eaton Vance	—*	5.6	5.5	42	791	6.00b	*1.25p*
B	B	**Eaton Vance Growth Fund/Eaton Vance**	14.3	18.8	0.9	91	7	4.75	*0.99*
D	B	**Eaton Vance Special Equities/Eaton Vance**	11.6	25.3	none	59	15	4.75	*1.22*
C	B	**Eaton Vance Stock Fund/Eaton Vance**	13.5	18.5	3.5	88	7	4.75	0.90
D	•A	**Eaton Vance Total Return/Eaton Vance**	—*	8.8	6.1	480	–1	4.75	*1.15*
		Eclipse Financial Asset–Equity[1]/Eclipse	—*	3.5	2.2	200	8	none	1.09
A	F	**Engex/closed-end**	6.0	3.5	2.2	12	–6	NA	2.25

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Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP	in DOWN ——markets——	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annu expen per $
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.4
		Enterprise Group–Cap Apprec[1]/Enterprise	—*	25.4%	none	$13	205%	4.75%	*$2.5*
B	B	Enterprise Group–Growth/Enterprise	15.9%	14.3	0.2%	61	27	4.75	*2.5*
		Enterprise Group–Growth & Inc/Enterprise	—*	4.0	3.6	35	65	4.75	*2.5*
		Equitable Funds–Growth/Equitable	—*	12.0	none	19	101	5.00b	*2.0*
		Equitec Siebel Aggressive Growth/Equitec	—*	12.1	0.4	32	–9	5.00b	*2.2*
		Equitec Siebel Total Return Fund/Equitec	—*	12.9	3.5	126	–4	5.00b	*1.9*
B	•C	Equity Strategies Fund/EQSF	—*	51.4	2.9	69	39	†	1.2
		Evergreen American Retirement/Lieber	—*	5.0	5.9	12	19	none	1.8
B	C	Evergreen Fund/Lieber	12.5	1.9	2.9	733	–7	none	1.1
		Evergreen Global Real Estate/Lieber	—*	9.5	1.7	7	18	none	2.0
•A	•B	Evergreen Limited Market Fund/Lieber	—*	8.4	2.0	42	17	†	1.3
D	A	Evergreen Total Return Fund/Lieber	14.9	1.5	6.0	1,239	–9	none	1.1
		Evergreen Value Timing Fund/Lieber	—*	11.2	4.3	39	35	none	1.5
		Excel Midas Gold Shares/Excel	—*	6.9	none	9	–16	4.50	*2.2*
D	•B	Excel Value Fund/Excel	—*	6.1	3.5	3	–25	4.50	*3.1*
B	C	Exchange Fund of Boston/‡	13.3	13.1	1.9	64	7	NA	0.8
D	•C	Fairmont Fund/Fairmont	—*	–7.6	1.4	26	–51	none	1.6
D	C	FBL–Growth Common Stock/FBL	7.2	9.9	5.6	36	–3	5.00b	*1.6*
C	C	Federated Exchange Fund/‡	12.4	8.5	2.6	94	–3	NA	1.0
		Federated Growth Trust/Federated	—*	17.3	4.0	180	29	none	1.0
C	•A	Federated Stock Trust/Federated	—*	4.2	3.4	4[illegible]	–26	none	1.0
		Fidelity Blue Chip Growth Fund/Fidelity	—*	29.6	0.8	149	229	3.00b	1.3
		Fidelity Capital Appreciation/Fidelity	—*	4.4	1.5	2,074	–5	3.00b	1.1
A	B	Fidelity Congress Street Fund/‡	17.2	23.1	2.9	63	10	none	0.6
A	D	Fidelity Contrafund/Fidelity	14.4	24.7	1.4	537	178	3.00	0.9
A	B	Fidelity Destiny Portfolio I/Fidelity	18.9	12.1	2.7	1,833	10	**	0.5
		Fidelity Destiny Portfolio II/Fidelity	—*	14.3	1.7	221	54	**	0.9
		Fidelity Disciplined Equity/Fidelity	—*	20.5	0.9	125	334	3.00§	1.2
C	A	Fidelity Equity Income Fund/Fidelity	16.0	–0.5	6.9	4,739	–1	2.00	0.7
B	C	Fidelity Exchange Fund/‡	14.8	18.0	2.9	169	6	none	0.5
•A	•C	Fidelity Freedom Fund/Fidelity	—*	20.5	2.4	1,614	20	none	0.9
B	B	Fidelity Fund/Fidelity	14.6	12.9	3.8	1,154	16	none	0.6
		Fidelity Growth & Income/Fidelity	—*	10.9	4.4	1,901	43	2.00	0.8
•A	•D	Fidelity Growth Company/Fidelity	—*	28.7	0.7	673	205	3.00	0.9
A +	B	Fidelity Magellan Fund/Fidelity	23.1	16.7	2.4	14,039	31	3.00	1.0
		Fidelity OTC Portfolio/Fidelity	—*	10.5	2.5	729	–5	3.00	1.3

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. ‡Exchange fund, not currently sell new shares. **Available only through monthly contractual plan. §Distributor may impose redemption fee whose proceeds revert to the funds. *Expense ratio is in itali the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of par absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly Enterprise Group–Aggressive Growth.

Distributor table, page 248. Rules, page 176.

Performance in UP markets	in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		Fidelity Plymouth–Growth Oppor/Fidelity	—*	12.4%	0.3%	$56	149%	4.00%	*$2.23*
		Fidelity Plymouth–Income & Grow/Fidelity	—*	7.2	9.1	62	48	4.00	*1.88*
		Fidelity Real Estate Investment/Fidelity	—*	0.4	5.5	45	–22	none	1.39
		Fidelity Select–Air Transportation/Fidelity	—*	3.5	none	4	–53	3.00b	2.55p
		Fidelity Select–American Gold/Fidelity	—*	6.0	none	198	8	3.00b	1.85
		Fidelity Select–Biotechnology/Fidelity	—*	56.4	none	157	290	3.00b	2.07
		Fidelity Select–Broadcast & Media/Fidelity	—*	–14.2	none	8	–84	3.00b	2.51
		Fidelity Select–Brokerage & Inv/Fidelity	—*	2.2	1.4	4	3	3.00b	2.50p
		Fidelity Select–Capital Goods/Fidelity	—*	19.5	0.7	2	–5	3.00b	2.59p
		Fidelity Select–Chemicals/Fidelity	—*	9.1	1.0	22	–40	3.00b	2.37
		Fidelity Select–Computers/Fidelity	—*	31.1	none	34	229	3.00b	2.64p
		Fidelity Select–Electric Utilities/Fidelity	—*	8.2	2.0	24	92	3.00b	2.30
		Fidelity Select–Electronics/Fidelity	—*	46.7	none	43	575	3.00b	2.57p
D	•C	**Fidelity Select–Energy/Fidelity**	—*	17.8	1.4	86	5	3.00b	1.94
		Fidelity Select–Energy Service/Fidelity	—*	43.0	none	80	111	3.00b	2.29
		Fidelity Select–Environ Serv/Fidelity	—*	30.4	0.1	128	NM	3.00b	2.25
C	•B	**Fidelity Select–Financial Services/Fidelity**	—*	–6.0	0.3	23	–29	3.00b	2.22
		Fidelity Select–Food & Agriculture/Fidelity	—*	25.2	0.2	32	44	3.00b	2.53p
A+	•D	**Fidelity Select–Health Care/Fidelity**	—*	38.2	0.5	292	70	3.00b	1.74
		Fidelity Select–Industrial Materials/Fidelity	—*	–0.4	2.7	3	–55	3.00b	2.59p
		Fidelity Select–Leisure/Fidelity	—*	–5.5	0.2	51	–30	3.00b	1.96
		Fidelity Select–Medical Delivery/Fidelity	—*	33.9	0.2	45	205	3.00b	2.16
		Fidelity Select–Paper & Forest Prod/Fidelity	—*	–1.4	1.3	5	–34	3.00b	2.57p
D	•C	**Fidelity Select–Prec Metals & Mins/Fidelity**	—*	4.1	1.5	185	–3	3.00b	1.93
		Fidelity Select–Prop & Casualty/Fidelity	—*	15.9	0.9	3	4	3.00b	2.50p
		Fidelity Select–Regional Banks/Fidelity	—*	–10.7	1.0	7	–66	3.00b	2.55p
		Fidelity Select–Retailing/Fidelity	—*	22.2	1.0	11	24	3.00b	2.50p
		Fidelity Select–Savings & Loan/Fidelity	—*	–11.5	0.4	7	–55	3.00b	2.53p
		Fidelity Select–Software & Comp/Fidelity	—*	29.0	none	16	56	3.00b	2.56p
A	•D	**Fidelity Select–Technology/Fidelity**	—*	26.3	none	93	16	3.00b	2.09
		Fidelity Select–Telecom/Fidelity	—*	9.7	0.4	79	–26	3.00b	1.85
D	•A	**Fidelity Select–Utilities/Fidelity**	—*	12.0	1.5	134	38	3.00b	1.67
		Fidelity Special Situations–Initial/Fidelity	—*	6.2	3.8	18	–8	†	1.00
		Fidelity Special Situations–Plymouth/Fidelity	—*	5.8	3.0	195	3	4.00	*1.56*
B	D	**Fidelity Trend Fund/Fidelity**	11.5%	7.6	1.3	837	1	none	0.58
		Fidelity Utilities Income/Fidelity	—*	8.8	6.9	180	33	none	1.02

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Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP markets	**Performance** in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
B	C	**Fidelity Value Fund/Fidelity**	13.6%	–0.8%	1.1%	$119	–20%	none	$1.11
C	•C	**Fiduciary Capital Growth/Fiduciary Mgmt**	—*	8.1	1.1	25	–40	none	1.40
A	C	**Fiduciary Exchange Fund/‡**	14.5	21.3	1.7	52	–5	NA	0.84
C	D	**Financial Dynamics Fund/Financial Prog**	10.0	19.4	1.6	73	–18	none	0.98
C	D	**Financial Industrial Fund/Financial Prog**	11.0	26.9	2.0	415	22	none	0.82
C	A	**Financial Industrial Income/Financial Prog**	15.9	21.0	4.3	572	43	none	0.75
		Financial Strategic–Energy/Financial Prog	—*	11.0	2.0	12	46	none	1.75
		Financial Strategic–Gold/Financial Prog	—*	4.4	0.4	40	40	none	1.63
		Financial Strategic–Health Sci/Financial Prog	—*	55.4	0.4	88	520	none	1.42
		Financial Strategic–Leisure/Financial Prog	—*	13.5	1.4	9	–36	none	1.38
		Financial Strategic–Technology/Financial Prog	—*	44.7	none	46	419	none	1.59
		Financial Strategic–Utilities/Financial Prog	—*	4.9	3.8	29	40	none	1.35
		First Eagle Fund of America/First Eagle	—*	6.6	0.9	90	18	none§	2.00p
		First Financial Fund/closed-end	—*	–29.7	3.9	63	–34	NA	1.42
		First Investors Blue Chip/First Inv	—*	15.8	3.4	44	223	6.90%	*0.02p*
		Flag Investors Emerging Growth/Brown	—*	7.8	7.7	53	20	4.50	*1.47p*
		Flag Investors Telephone Income/Brown	—*	12.7	5.1	180	37	4.50	*0.92p*
•F	•A	**Flex-funds–Growth Fund[1]/Flex**	—*	1.5	2.7	26	–23	none	*1.47*
		Flex-funds–Muirfield Fund/Flex	—*	10.9	2.0	30	12	none	*1.47*
		Fortress Hi Quality Stock[2]/Federated	—*	4.7	3.1	18	–9	1.75b	*1.00p*
		Fortress Utility Trust[3]/Federated	—*	11.5	6.1	38	164	1.75b	1.07p
A	F	**44 Wall Street Equity Fund/Beckerman**	–1.2	12.4	none	4	2	1.00	4.19
F	F	**44 Wall Street Fund/Beckerman**	–16.1	–10.6	none	5	–29	†	9.27
B	C	**Founders Blue Chip/Founders**	13.8	19.4	2.1	258	25	none	*0.98*
F	A+	**Founders Equity Income Fund/Founders**	12.4	7.2	4.2	15	11	none	*1.52*
		Founders Frontier Fund/Founders	—*	15.1	0.3	71	172	none	*1.46*
B	C	**Founders Growth Fund/Founders**	13.4	11.8	0.7	113	42	none	*1.28*
A	D	**Founders Special Fund/Founders**	10.7	9.4	2.1	71	–14	none	1.06
C	C	**FPA Capital Fund/Angeles Secs**	12.2	13.4	1.6	81	10	6.50	1.17
C	A	**FPA Paramount Fund/Angeles Secs**	17.1	10.9	3.1	220	8	†	0.95
		FPA Perennial Fund/Angeles Secs	—*	14.0	4.0	59	13	6.50	1.12
B	D	**Franklin DynaTech Fund/Franklin**	11.1	27.3	0.7	45	34	4.00	0.82
B	D	**Franklin Equity Fund/Franklin**	12.4	7.6	4.1	404	6	4.00	0.64
B	B	**Franklin Growth Fund/Franklin**	15.3	18.1	1.7	185	60	4.00	0.72
		Franklin Managed—Rising Divs/Franklin	—*	7.0	3.1	41	9	4.00	*1.70*
D	B	**Franklin Option Fund/Franklin**	10.4	4.4	3.7	41	–11	4.00	0.81

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Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP markets	in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		Franklin Special Equity Income/Franklin	—*	7.4%	5.7%	$10	134%	4.00%	$0.00p
F	A+	Franklin Utilities Fund/Franklin	16.9%	10.0	7.2	775	25	4.00	0.62
		Freedom Inv–Equity Value/Freedom	—*	5.8	1.7	22	2	3.00b	*2.12*
		Freedom Inv–Gold & Govt/Freedom	—*	6.7	7.2	69	8	3.00b	*1.89*
		Freedom Inv–Regional Bank/Freedom	—*	–0.9	1.6	62	–11	3.00b	*1.94*
		Fund Alabama/closed-end	—*	0.0	4.1	7	–4	NA	1.94
C	B	Fund of America/American Cap	13.0	8.1	2.5	166	–7	5.75	*0.88*
C	D	Fund of the Southwest/Capstone	8.6	12.8	1.2	16	6	4.75	1.46
A	B	Fundamental Investors/American Funds	16.9	15.5	3.7	835	19	5.75	*0.67*
		FundTrust–Aggressive Growth/Signature	—*	11.3	0.5	21	–1	1.50	*1.98p*
		FundTrust–Growth/Signature	—*	5.3	1.3	22	–33	1.50	*1.95p*
		FundTrust–Managed Total Ret/Signature	—*	6.1	6.2	19	23	1.50	*1.98p*
		Gabelli Asset Fund/Gabelli	—*	0.2	3.3	381	43	none§	*1.26*
		Gabelli Equity Trust/closed-end	—*	–3.8	2.8	526	–13	NA	1.18
		Gabelli Growth Fund/Gabelli	—*	17.5	1.0	199	365	none	*1.85*
		Gateway Growth Plus Fund/Gateway	—*	19.3	2.4	12	73	none	1.50p
D	A	Gateway Index Plus[1]/Gateway	10.4	18.2	2.4	49	77	none	1.25
		General Aggressive Growth/Dreyfus	—*	17.9	1.3	49	26	none	*1.18*
A	D	General American Investors/closed-end	14.4	37.2	0.8	444	30	NA	1.04
D	B	General Securities/Craig-Hallum	12.6	12.6	3.9	20	6	5.00	1.39
		Gintel Capital Appreciation Fund/Gintel	—*	12.8	7.0	34	7	none	*1.80*
D	•A	Gintel Erisa Fund/Gintel	—*	12.2	7.7	89	3	none	*1.30*
C	•B	Gintel Fund/Gintel	—*	16.6	7.6	94	4	none	1.40
•B	•F	GIT Equity Trust–Special Growth/GIT	—*	8.0	2.1	43	120	none	1.47
		Gradison Established Growth/Gradison	—*	3.4	3.6	139	31	none	*1.40*
		Gradison Opportunity Growth/Gradison	—*	7.2	2.5	26	28	none	*1.52*
		Greenspring Fund/Greenspring	—*	5.1	5.7	24	–4	none	1.27
B	B	Growth Fund of America/American Funds	15.0	12.3	2.9	2,181	49	5.75	*0.78*
		Growth Fund of Washington/Washington	—*	–4.7	2.3	52	–11	5.00	*1.66*
C	C	Growth Industry Shares/Growth Industry	12.2	21.2	1.1	71	11	none	0.88
		Growth Stock Outlook Trust/closed-end	—*	9.6	5.5	128	2	NA	1.43
		GT Global Growth-America/GT Global	—*	37.1	0.7	68	NM	4.75	*1.90p*
A	B	Guardian Park Ave Fund/Guardian	17.0	6.1	4.6	253	24	4.50	0.68
		Hampton Utils–Capital Shares/closed-end	—*	6.8	3.9	12	6	NA	1.45
B	D	John Hancock Growth Trust/Hancock	10.5	15.4	1.8	126	11	4.50	*1.43*
		John Hancock Special Equities/Hancock	—*	15.3	0.3	12	–6	4.50	*2.53p*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. §Distributor may impose redemption fee whose proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. NM: Not meaningful. [1]Formerly Gateway Option Index Fund.

Distributor table, page 248. Rules, page 176.

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Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		H&Q Healthcare Investors/closed-end	—*	44.5%	none	$71	41%	NA	$1.74
		Harbor Capital Appreciation[1]/HCA Securities	—*	19.8	1.5%	70	24	none	0.90
		Harbor Growth Fund/HCA Securities	—*	11.4	0.8	164	20	none	1.01
		Harbor Value/HCA Securities	—*	11.1	4.2	29	48	none	0.97p
A+	F	**Hartwell Emerging Growth/Hartwell**	10.4%	34.2	none	29	23	4.75%	*2.50*
A+	D	**Hartwell Growth Fund/Hartwell**	11.9	8.9	none	18	3	4.75	*3.00*
		Heartland Group–Value Fund/Dain Bosworth	—*	2.8	0.9	27	–18	4.50	*1.70*
		Heritage Capital Appreciation/Heritage	—*	–3.6	1.6	66	17	4.00	*2.00p*
		HT Insight–Convertible Fund/TBC	—*	–6.3	8.9	14	–32	4.50	*0.78p*
		HT Insight–Equity Fund/TBC	—*	11.7	4.1	21	42	4.50	*1.00p*
		Wayne Hummer Growth Fund/Hummer	—*	18.4	1.8	27	20	none	1.50p
		IAI Apollo/IAI Funds	—*	13.1	1.2	24	–17	none	1.00p
A	B	**IAI Regional Fund/IAI Funds**	16.8	23.4	2.2	191	82	none	1.00
C	B	**IAI Stock Fund/IAI Funds**	14.9	18.0	2.7	80	12	none	1.00p
		IDEX Fund/Idex	—*	25.7	0.6	93	17	8.50	1.34
		IDEX II/Idex	—*	27.6	0.5	92	19	†	1.32
		IDEX Fund 3/Idex	—*	26.4	0.5	163	115	†	1.25
B	•D	**IDS Discovery Fund/IDS**	—*	30.5	1.5	172	10	5.00	0.66
B	C	**IDS Equity Plus/IDS**	13.3	20.3	3.2	403	8	5.00	0.57
A+	D	**IDS Growth Fund/IDS**	14.4	31.1	1.1	788	17	5.00	0.64
		IDS Managed Retirement Fund/IDS	—*	26.6	2.6	796	17	5.00	0.92
A	B	**IDS New Dimensions Fund/IDS**	16.8	27.6	1.7	916	32	5.00	0.82
D	B	**IDS Progressive Fund/IDS**	12.5	–0.7	5.7	157	–15	5.00	0.75
C	B	**IDS Stock Fund/IDS**	13.1	18.0	5.3	1,372	6	5.00	0.60
		IDS Strategy–Aggressive Equity/IDS	—*	24.2	none	318	18	5.00b	*1.49*
		IDS Strategy–Equity/IDS	—*	8.4	4.7	335	27	5.00b	*1.61*
		IDS Utilities Income/IDS	—*	10.1	6.6	197	174	5.00	0.92
B	A	**Investment Co of America/American Funds**	16.7	15.0	3.8	5,874	22	5.75	*0.52*
		Investment Port–Equity/Kemper	—*	21.4	0.9	339	27	5.00b	*2.19*
		Investment Series–Hi Quality Stock[2]/Federated	—*	5.9	3.6	6	80	5.75	1.19p
C	D	**Inv Tr of Boston Grow Opp/Inv Trust**	8.8	14.3	3.0	62	0	4.25	*1.15*
B	D	**Investors Research Fund/Diversified**	11.5	14.4	1.6	67	–2	8.50	0.84
C	A	**Ivy Growth Fund/Ivy**	16.5	14.2	2.7	203	10	none	1.33
		Ivy Growth with Income Fund/Ivy	—*	13.0	12.3	15	–51	none	1.36
B	A	**Janus Fund/Janus**	17.4	23.5	1.2	1,246	152	none	1.00
		Janus Twenty Fund/Janus	—*	35.0	0.1	206	768	none	1.32p

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Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				$1.44
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.23
		Janus Venture Fund/Janus	—*	21.6%	1.1%	$232	375%	none	$1.23
D	B	JP Growth Fund/Jefferson-Pilot	13.9%	22.4	2.5	28	13	6.75%	0.90
		Kaufmann Fund/Kaufmann	—*	29.6	none	53	68	none§	*2.36p*
		Kemper Blue Chip Fund/Kemper	—*	22.7	1.2	34	52	4.50	*1.91*
		Kemper Gold Fund/Kemper	—*	−2.9	0.5	8	105	4.50	*2.35p*
A	D	Kemper Growth Fund/Kemper	12.7	23.9	1.7	373	25	5.75	0.81
A	D	Kemper Summit Fund/Kemper	11.8	14.8	2.4	270	9	5.75	0.81
B	D	Kemper Technology Fund/Kemper	10.3	27.7	2.5	591	16	5.75	0.67
		Keystone America Equity Income/Keystone	—*	11.6	3.7	24	12	4.00b	*2.00p*
		Keystone America Fund of Grow Stk/Keystone	—*	18.7	0.2	7	25	4.00b	*2.00p*
A	D	Keystone America Omega/Keystone	10.0	25.1	1.1	43	19	4.00b	*1.84*
B	D	Keystone Custodian K-2/Keystone	11.1	14.0	2.3	323	−3	4.00b	*1.67*
C	C	Keystone Custodian S-1/Keystone	10.6	15.3	2.9	186	5	4.00b	*2.25*
B	D	Keystone Custodian S-3/Keystone	11.2	8.4	2.8	264	6	4.00b	*1.66*
A	F	Keystone Custodian S-4/Keystone	6.3	18.5	0.8	567	19	4.00b	*1.27*
		Kidder, Peabody Equity Income/Kidder	—*	17.0	2.5	66	20	4.00	*1.81*
		Kidder, Peabody Special Growth/Kidder	—*	15.2	none	17	6	4.00	*2.33*
		Kidder, Peabody MarketGuard I/Kidder	—*	5.7	2.8	23	−2	4.00[1]	1.52
		Landmark Capital Growth Fund/Landmark	—*	7.1	0.1	8	−10	none	*3.79*
		Landmark Growth & Income/Landmark	—*	1.8	4.0	9	−16	none	*3.41*
		Laurel Funds–Stock/Frank Russell	—*	21.4	2.0	10	336	none	*0.68p*
		Legg Mason Special Investment/Legg Mason	—*	10.9	0.5	79	44	none	*2.24p*
		Legg Mason Total Return Trust/Legg Mason	—*	−0.9	1.7	25	−15	none	*2.41*
•B	•B	Legg Mason Value Trust/Legg Mason	—*	4.7	2.4	827	8	none	*1.87p*
D	C	Lepercq-Istel Fund/Lepercq	5.7	5.1	4.6	21	−3	none	*1.48*
B	B	Lexington Corp Leaders Trust/Lexington	15.3	14.1	4.0	92	9	4.00	0.72
D	•B	Lexington Goldfund/Lexington	—*	1.7	1.0	121	32	none	1.42
B	D	Lexington Growth Fund/Lexington	7.9	12.1	1.9	28	0	none	1.36
C	C	Lexington Research Fund/Lexington	12.2	9.0	3.8	121	−1	none	1.02
		Lexington Technical Strategy/Lexington	—*	11.4	1.9	10	61	5.00	1.34p
		Liberty All-Star Equity Fund/closed-end	—*	18.3	9.9	522	7	NA	1.25
		Liberty Utility Fund[2]/Federated	—*	9.3	7.8	65	39	4.50	1.02p
		Lindner Dividend Fund/Lindner	—*	1.6	10.1	153	27	none§	0.87
D	A+	Lindner Fund/Lindner	18.8	7.9	4.7	716	34	none§	0.62
		LMH Fund/Heine Mgmt	—*	−4.1	4.0	27	−29	none	1.81
C	D	Lord Abbett Developing Growth/Lord Abbett	7.5	22.7	none	140	0	6.75	*1.13*

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Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.7%				
		Forbes stock fund composite	12.1%	12.1%	2.2%				$1.44
		Lord Abbett Fundamental Value/Lord Abbett	—*	15.4%	1.7%	$21	10%	7.25%	*$1.81*
●B	●C	**Lord Abbett Value Appreciation/Lord Abbett**	—*	8.7	2.9	176	–12	6.75	*0.94*
D	A	**Lutheran Brotherhood Fund/Lutheran**	15.1%	15.6	1.9	313	12	5.00	1.04
		Mackenzie American Fund/Mackenzie	—*	5.0	1.6	54	23	8.50	2.39p
		Main Street–Income & Growth/Oppenheimer	—*	9.0	1.5	14	969	4.75	*2.21*
–		**MainStay–Capital Apprec¹/NYLife**	—*	17.4	0.2	41	27	5.00b	*2.54*
		MainStay–Gold & Precious²/NYLife	—*	2.2	none	7	12	5.00b	*3.47*
		MainStay–Value Fund³/NYLife	—*	6.4	1.6	11	46	5.00b	*2.63*
B	C	**Mairs & Power Growth Fund/Mairs & Power**	11.1	21.4	1.5	24	12	none	1.07
D	A†	**Mairs & Power Income Fund/Mairs & Power**	11.9	8.8	4.7	8	12	none	1.22
B	C	**Horace Mann Growth Fund/Mann**	12.4	15.6	3.3	105	13	†	0.64
B	C	**Mass Capital Development Fund/Mass Finl**	12.1	10.3	1.4	779	2	7.25	0.77
B	D	**Mass Financial Development/Mass Finl**	11.8	12.7	3.4	240	2	7.25	0.83
A	●D	**Mass Financial Emerging Growth/Mass Finl**	—*	14.5	none	210	–3	7.25	1.43
●B	●D	**Mass Financial Special Fund/Mass Finl**	—*	6.4	4.0	125	2	4.75	*1.11*
B	C	**Mass Investors Growth Stock/Mass Finl**	12.1	18.3	0.7	925	7	7.25	0.54
B	C	**Mass Investors Trust/Mass Finl**	13.7	22.6	3.3	1,416	11	7.25	0.50
		MassMutual Integrity–Cap App/MML	—*	6.0	2.2	18	40	4.50	*1.30p*
		MassMutual Integrity–Value Stock/MML	—*	12.1	3.2	41	24	4.50	*1.23p*
C	C	**Mathers Fund/Mathers**	11.6	10.5	6.3	244	11	none	1.01
F	A	**Meeschaert Capital Accum/Meeschaert**	8.9	14.4	9.4	22	42	4.00b	*0.84*
		Meeschaert Gold and Currency/closed end	—*	0.7	none	15	1	none	1.17
–		**The Merger Fund/Westchester**	—*	2.7	0.4	11	8	none	*2.80*
		Meridian Fund/Meridian	—*	19.5	2.2	11	16	none	2.07p
C	B	**Merrill Lynch Basic Value#/ML Funds**	15.6	1.9	4.5	2,478	35	6.50	0.56
C	A	**Merrill Lynch Capital Fund#/ML Funds**	16.3	11.9	5.8	1,390	64	6.50	0.60
		Merrill Lynch Fund Tomorrow#/ML Funds	—*	0.9	2.5	527	–10	6.50	0.89
		Merrill Lynch Natural Res#/ML Funds	—*	18.5	2.5	409	–14	6.50	0.86
		Merrill Lynch Retire Equity#/ML Funds	—*	17.6	1.6	573	19	6.50	0.91
D	D	**Merrill Lynch Special Value#/ML Funds**	4.1	–6.3	2.0	57	–33	6.50	1.45p
		Merrill Lynch Strategic Div#/ML Funds	—*	9.0	5.1	195	41	6.50	1.04
		Merriman Timed Blue Chip/Merriman	—*	6.7	3.9	14	120	none	1.81p
		Merriman Timed Cap Apprec/Merriman	—*	4.5	4.6	18	517	none	1.53p
		MetLife State Street Cap Apprec/MetLife	—*	17.2	0.3	59	74	4.50	*1.50p*
		MetLife State Street Equity Inc/MetLife	—*	11.3	5.3	50	34	4.50	*1.50p*
		MetLife State Street Equity Inc/MetLife	—*	16.5	3.4	26	48	4.50	*1.50p*

●Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. #Fund has two share classes, one with 12b-1 fee and back-end load and [illegible] with front-end load only. Results shown are for front-loaded shares. Assets are for entire fund. *Expense ratio is in italics if the fund* [illegible] b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. ¹Formerly Mackay-Shields MainStay Capital Appreciation. ²Formerly Mackay-Shields MainStay Gold & Precious Metals Fund. ³Formerly Mackay-Shields MainStay Value Fund.

Distributor table, page 249. Rules, page 176.

Performance in UP markets	in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		MFS Lifetime Capital Growth/Mass Finl	—*	15.1%	1.6%	$237	37%	6.00%b	*$2.46*
		MFS Lifetime Emerging Growth/Mass Finl	—*	30.0	none	100	38	6.00b	*2.81*
		MFS Lifetime Managed Sectors/Mass Finl	—*	12.3	none	194	21	6.00b	*2.52*
		MFS Lifetime Total Return[1]/Mass Finl	—*	5.1	5.0	215	25	6.00b	*2.43*
		MFS Managed Sectors Trust/Mass Finl	—*	12.9	0.6	125	0	4.75	*1.50*
D	B	**MidAmerica High Growth Fund/MidAmerica**	10.7%	3.0	4.7	12	–4	5.75	1.00
D	A	**MidAmerica Mutual Fund/MidAmerica**	12.9	8.9	4.1	37	5	5.75	1.00
		Midwest Strategic–Growth/MGF	—*	11.3	1.5	9	–11	4.75	*1.98*
		MIM Stock Conv & Option Grow/Mathematical	—*	0.2	3.1	7	10	none	*2.75*
		MIM Stock Conv & Option Inc/Mathematical	—*	4.4	4.1	12	–6	none	*2.57*
		Mimlic Investors Fund I/Mimlic	—*	16.2	2.2	13	26	5.00	1.23p
		Monitrend Value Fund/Pallas	—*	–1.2	2.1	6	–54	3.50	*2.50p*
		Morgan Grenfell SmallCap Fund/closed-end	—*	21.2	none	60	20	NA	2.13
		Morgan Keegan Southern Cap/Morgan Keegan	—*	3.7	4.1	9	–4	3.00	*2.00p*
A	B	**Mutual Benefit Fund/Mutual Benefit**	17.0	7.3	2.3	38	24	4.75	1.45
A	C	**Mutual of Omaha Growth/Mutual of Omaha**	13.7	35.2	0.8	61	43	4.75	*1.11*
D	B	**Mutual Series–Beacon/Heine Secs**	11.5	4.1	4.4	457	37	none	0.70
D	A+	**Mutual Series–Mutual Shares/Heine Secs**	16.6	1.2	6.8	3,110	–9	†	0.65p
D	A+	**Mutual Series–Qualified/Heine Secs**	18.5	0.7	6.1	1,340	–10	†	0.70p
C	F	**National Aggressive Grow[2]/National Secs**	5.7	2.2	1.3	70	108	7.25	1.33p
B	D	**National Aviation & Technology/AFA**	11.0	12.5	1.4	84	–3	4.75	1.28
D	C	**National Industries Fund/Stonebridge**	6.4	20.4	1.5	33	10	none	1.69
		National Real Estate–Stock/National Secs	—*	–9.3	7.3	19	–23	5.75	*1.64*
D	B	**National Stock Fund/National Secs**	12.0	10.2	3.3	226	–3	5.75	*1.09*
•D	•D	**National Telecom & Technology/AFA**	—*	11.2	0.3	39	–8	4.75	1.90
B	B	**Nationwide Fund/Nationwide**	15.6	17.4	3.0	507	17	7.50	0.63
C	B	**Nationwide Growth Fund/Nationwide**	15.7	2.3	3.2	245	–4	7.50	0.68
D	•D	**Nautilus Fund/Eaton Vance**	—*	27.1	none	14	6	4.75	2.50
		Neuberger & Berman Genesis/Neuberger	—*	0.8	0.3	22	36	none§	2.00p
B	C	**Neuberger & Berman Guardian/Neuberger**	14.0	8.4	3.3	562	1	none	0.84
A	C	**Neuberger & Berman Manhattan/Neuberger**	15.2	11.2	1.7	429	12	none	1.10
D	A	**Neuberger & Berman Partners/Neuberger**	15.1	8.0	4.2	794	7	none	0.97
D	C	**Neuberger & Berman Sectors + Energy/Neuberger**	8.9	12.2	2.5	416	1	none	0.99
A	D	**Neuwirth Fund/National Finl**	8.4	–3.1	0.5	25	–13	none	1.84
•D	•C	**New Alternatives Fund/Accrued Eq**	—*	9.0	1.7	16	86	5.66	1.25
		New Economy Fund/American Funds	—*	9.7	2.6	921	14	5.75	*0.83*

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Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP markets	in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
D	A	**New England Balanced/New England**	11.9%	–0.1%	6.2%	$59	3%	6.50%	*$1.52*
A	B	**New England Growth Fund/New England**	18.5	23.4	1.4	640	27	6.50	*1.22*
C	A	**New England Retirement Equity/New England**	14.4	12.1	2.1	145	5	6.50	*1.29*
B	B	**New Perspective Fund/American Funds**	16.3	22.8	2.5	1,566	42	5.75	*0.76*
A	C	**New York Venture Fund/Venture**	16.5	15.8	3.9	350	17	4.75	*0.93*
B	D	**Newton Growth Fund/Newton**	10.7	9.5	3.7	35	4	none	1.27
C	D	**Niagara Share Corp/closed-end**	8.5	16.1	2.1	237	10	NA	1.08
		Nicholas Applegate Growth Eq/closed-end	—*	22.0	none	142	50	NA	1.14
C	A	**Nicholas Fund/Nicholas**	16.7	11.8	2.1	1,520	20	none	0.82
		Nicholas II/Nicholas	—*	8.2	1.5	427	8	none	0.72
		Nicholas Limited Edition/Nicholas	—*	14.2	1.1	72	59	none	1.12
		NA Security Trust–Growth[1]/Wood Logan	—*	2.4	4.5	26	–22	4.75	*2.79*
B	C	**Northeast Investors Growth/Northeast Inv**	12.2	20.4	0.9	27	23	none	1.77
		Oberweis Emerging Growth/Oberweis	—*	29.0	none	15	–2	4.00	*2.00p*
D	B	**Old Dominion Investors' Trust/Investors Sec**	11.2	2.5	6.8	7	8	5.75	*1.54*
		Olympic Trust–Equity Income/Olympic	—*	–0.5	4.8	65	38	none	1.00p
		Olympic Trust–Small Cap Fund/Olympic	—*	20.2	0.9	8	–1	none	1.00p
		Olympus Equity Plus Fund/Furman Selz	—*	14.8	0.7	8	–11	4.25	*2.94p*
		Olympus Premium Income/Furman Selz	—*	6.6	2.0	32	–34	4.25	*2.17*
		Oppenheimer Blue Chip Fund/Oppenheimer	—*	9.8	2.7	19	11	[illegible]	*1.51*
A	D	**Oppenheimer Directors Fund/Oppenheimer**	8.0	3.0	2.8	127	–13	8.50	1.33
		Oppenheimer Discovery[2]/Oppenheimer	—*	6.1	1.4	62	37	4.75	*1.49*
B	B	**Oppenheimer Equity Income/Oppenheimer**	16.2	9.0	5.4	1,329	30	8.50	0.79
C	D	**Oppenheimer Fund/Oppenheimer**	5.3	5.9	2.7	196	–6	8.50	1.04
•D	•F	**Oppenheimer Gold & Spec Mins/Oppenheimer**	—*	3.3	2.3	163	36	8.50	1.37
F	A+	**Oppenheimer Premium Inc/Oppenheimer**	12.9	4.6	4.1	243	–16	8.50	0.93
•C	•D	**Oppenheimer Regency Fund/Oppenheimer**	—*	11.7	2.6	126	–1	8.50	1.32
D	C	**Oppenheimer Special Fund/Oppenheimer**	9.3	12.9	3.4	551	2	8.50	0.92
A	•D	**Oppenheimer Target Fund/Oppenheimer**	—*	13.0	3.0	63	–11	4.75	1.32
A	D	**Oppenheimer Time Fund/Oppenheimer**	14.0	6.7	3.1	335	4	8.50	0.94
B	C	**Oppenheimer Total Return/Oppenheimer**	11.6	12.4	4.1	424	21	4.75	*0.97*
C	B	**Over-the-Counter Securities Fund/Review**	12.0	1.2	0.8	291	–11	4.50	*1.45*
		Pacific Horizon–Aggres Grow/Concord Finl	—*	27.9	none	99	9	4.50	*1.51p*
		PaineWebber Classic Grow & Inc/PaineWebber	—*	12.2	3.3	65	9	4.50	*1.40*
		PaineWebber Classic Growth/PaineWebber	—*	16.6	none	84	27	4.50	*2.01*
		PaineWebber Classic Region Finl[3]/closed-end	—*	–0.1	3.3	50	–48	NA	*1.33*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly Hidden Strength Growth Fund. [2]Formerly Oppenheimer OTC Fund. [3]Formerly Regional Financial Shares Investment.

Distributor table, page 248. Rules, page 176.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		PaineWebber Master Energy-Util/PaineWebber	—*	18.0%	0.9%	$45	130%	5.00%b	*$2.64*
		PaineWebber Master Growth/PaineWebber	—*	9.7	none	108	37	5.00b	*1.87*
		Paribas Trust–Quantus Equity/Paribas	—*	24.5	3.8	5	–32	4.00b	*2.36*
		Parkstone Equity/Winsbury	—*	19.1	2.3	248	38	4.50	1.11
		Parkstone High-Inc Equity/Winsbury	—*	14.3	4.4	96	45	4.50	1.15
		Parkstone Small Cap/Winsbury	—*	28.3	0.3	95	75	4.50	1.09
		Parnassus Fund/Parnassus	—*	-3.6	0.8	26	37	3.50	1.75
		Pasadena Growth Fund/Pasadena Growth	—*	21.5	4.7	52	90	5.50	2.30p
		Patriot Premium Dividend Fund/closed-end	—*	6.4	13.5	194	–4	NA	1.35
		PBHG Growth Fund/Capstone	—*	28.6	none	17	-18	4.75	1.32
C	B	**Penn Square Mutual Fund/Penn Square**	13.8%	13.0	3.7	212	4	4.75	*0.91*
B	B	**Pennsylvania Mutual Fund/Penn Mutual**	15.0	5.4	3.1	685	29	none§	0.94
		Perritt Capital Growth/Perritt	—*	0.8	1.6	5	0	none	2.50
D	D	**Petroleum & Resources Corp/closed-end**	6.2	18.5	3.9	319	3	NA	0.60
D	C	**Philadelphia Fund/Baxter**	9.4	-0.6	3.0	101	–9	none	*0.95*
B	•A	**Phoenix Growth Fund/Phoenix**	—*	21.0	3.1	756	19	6.90	1.04
B	•B	**Phoenix Stock Fund/Phoenix**	—*	11.8	2.0	125	–4	6.90	1.10
D	•A	**Phoenix Total Return/Phoenix**	—*	12.6	3.9	31	–12	4.75	*1.50p*
		Pierpont Capital Appreciation/TBC	—*	17.0	2.2	49	22	none	1.00p
		Pierpont Equity Fund/TBC	—*	21.0	6.0	40	49	none	1.00p
C	C	**Pilgrim MagnaCap Fund[1]/Pilgrim**	11.3	13.7	1.6	224	9	4.75	*1.60*
		Pilgrim Regional Bankshares/closed-end	—*	-4.7	7.9	93	-13	NA	1.26
C	C	**Pine Street Fund/National Finl**	11.1	10.1	4.5	51	-3	none	1.21p
C	C	**Pioneer Fund/Pioneer**	11.1	6.6	3.1	1,570	1	8.50	0.75
B	C	**Pioneer II/Pioneer**	14.4	7.2	3.5	4,407	6	8.50	0.77
•C	•B	**Pioneer Three/Pioneer**	—*	4.7	2.9	707	–1	8.50	0.72
		Piper Jaffray Sector Performance/Piper	—*	32.2	2.9	11	–18	4.00	*1.30p*
		Piper Jaffray Value Fund/Piper	—*	26.0	1.3	52	104	4.00	*1.30p*
		T Rowe Price Capital Appreciation/Price	—*	8.3	4.1	163	33	none	1.25
		T Rowe Price Equity Income Fund/Price	—*	0.8	5.6	1,002	35	none	1.10
•C	•B	**T Rowe Price Growth & Income/Price**	—*	2.8	5.1	558	6	none	0.94
C	D	**T Rowe Price Growth Stock Fund/Price**	10.7	19.3	2.0	1,631	19	none	0.72
		T Rowe Price New America Growth/Price	—*	13.5	none	141	19	none	1.25
C	D	**T Rowe Price New Era Fund/Price**	9.3	9.6	2.6	783	2	none	0.82
B	D	**T Rowe Price New Horizons Fund/Price**	8.5	16.5	0.5	1,051	11	none	0.81
		T Rowe Price Science & Technology/Price	—*	39.4	0.5	86	411	none	1.25

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. §Distributor may impose redemption fee whose proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Reflects performance of Pilgrim Fund prior to June 1985 merger.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return		Yield	Assets		Maximum sales charge	Annual expenses per $100
			Annual average 11/80 to 6/90	Last 12 months		6/30/90 ($mil)	% change '90 vs '89		
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		T Rowe Price Small-Cap Value Fund/Price	—*	9.8%	1.4%	$32	2%	none	$1.25p
		Primary Trend Fund/Primary Trend	—*	–1.4	2.7	39	–31	none	1.12
		Principal Preserv–Div Achievers/Ziegler	—*	9.6	2.1	12	3	4.50%	1.20p
		Principal Preserv–S&P 100 Plus/Ziegler	—*	17.1	2.2	22	14	4.50	1.30p
		Princor Aggressive Growth Fund/Princor	—*	9.7	1.4	11	42	5.00	*1.78*
D	A	**Princor Capital Accumulation/Princor**	14.8%	2.4	3.3	138	18	5.00	*1.11*
B	D	**Princor Growth Fund/Princor**	11.0	20.8	1.5	36	13	5.00	*1.11*
C	B	**ProvidentMutual Grow[1]/Provident**	13.9	5.1	4.5	154	69	6.00	*1.25*
C	B	**ProvidentMutual Invest Shrs[2]/Provident**	14.7	12.2	5.8	227	124	6.00	*0.97*
B	D	**ProvidentMutual Value Shrs/Provident**	8.2	13.3	2.2	13	23	6.00	*2.18p*
B	●B	**Pru-Bache Equity Fund#/Pru-Bache**	—*	15.3	1.6	657	21	5.25	*1.02*
		Pru-Bache Equity Income#/Pru-Bache	—*	4.8	3.2	146	82	5.25	*2.16*
		Pru-Bache FlexiFund–Aggress#/Pru-Bache	—*	8.9	4.1	176	198	5.25	*1.64*
		Pru-Bache FlexiFund–Conserv#/Pru-Bache	—*	9.9	5.4	156	19	5.25	*1.29*
B	●D	**Pru-Bache Growth Opp#/Pru-Bache**	—*	7.6	1.3	134	–6	5.25	*1.37*
●C	●B	**Pru-Bache Option Grow#/Pru-Bache**	—*	8.6	3.0	61	–9	5.25	*1.90*
●B	●C	**Pru-Bache Research Fund#/Pru-Bache**	—*	8.7	2.4	325	–8	5.25	*1.49*
D	●A	**Pru-Bache Utility Fund#/Pru-Bache**	—*	9.3	4.8	2,493	17	5.25	*0.93*
		Prudent Speculator Leveraged/Prudent	—*	–7.8	none	8	–17	none	*4.26p*
D	F	**Putnam Energy-Resources Trust/Putnam**	1.6	16.9	3.1	127	13	5.75	*1.40*
C	B	**Putnam Fund for Growth & Inc/Putnam**	14.1	12.6	5.1	2,138	20	5.75	*0.72*
A	●D	**Putnam Health Sciences Trust/Putnam**	—*	38.6	1.2	348	43	5.75	*1.14*
		Putnam Information Sciences/Putnam	—*	16.3	0.5	103	2	5.75	*1.48*
B	C	**Putnam Investors Fund/Putnam**	12.0	20.9	3.2	719	12	5.75	*0.68*
D	B	**Putnam Option Income Trust/Putnam**	10.1	1.0	3.5	782	–22	6.75	*0.84*
		Putnam Option Income Trust II/Putnam	—*	5.1	4.7	930	–24	6.75	*0.82*
●A	●C	**Putnam OTC Emerging Growth/Putnam**	—*	18.7	none	206	23	5.75	*1.63*
A	B	**Putnam Vista Basic Value/Putnam**	15.7	10.5	2.8	263	2	5.75	*0.93*
A	D	**Putnam Voyager Fund/Putnam**	15.2	13.4	1.2	804	24	5.75	*1.00*
		Quest for Value Dual–Capital[3] **Quest for Value Dual–Income**	—*	16.6	5.3	538	9	none	0.83
C	A+	**Quest for Value Fund/Quest**	19.1	11.4	2.7	69	–10	5.50	*1.86*
		RCS Emerging Growth/Robertson	—*	46.7	none	19	129	none	*2.15*
		Real Estate Securities Income/closed-end	—*	–16.5	14.4	18	–26	NA	1.29
		Reich & Tang Equity Fund/Reich & Tang	—*	2.3	2.6	109	–2	none	1.10
		Reynolds Blue Chip Growth Fund/Fiduciary Mgmt	—*	25.3	1.2	10	171	none	2.50p

●Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. #Fund has two share classes, one with large 12b-1 fee and back-end load and the other with small 12b-1 fee and front-end load. Results shown are for front loaded shares. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly Sigma Capital Shares. [2]Formerly Sigma Investment Shares. [3]Dual Fund. Performance, asset and expense data on capital and income shares treated as a unit.

Distributor table, page 248. Rules, page 176.

Performance			Total return			Assets			
in UP —markets	in DOWN markets—	Fund/distributor	Annual average 11/80 to 6/90	Last 12 months	Yield	6/30/90 ($mil)	% change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		Rightime Fund/Lincoln Inv	—*	11.0%	1.0%	$149	−13%	none	*$2.55*
		Rightime Fund Blue Chip/Lincoln Inv	—*	14.9	1.7	123	47	4.75%	*$2.31*
		Rightime Fund Growth/Lincoln Inv	—*	2.0	0.8	46	46	4.75	*2.32*
F	•A	**Rochester Tax Managed Fund/Rochester**	—*	2.0	none	14	−7	8.50	*1.78*
		Rodney Square Multi–Grow/Rodney	—*	13.7	1.1	43	22	5.75	*1.75p*
		Rodney Square Multi–Value/Rodney	—*	6.2	2.9	8	−13	5.75	*1.75p*
•C	•B	**Royce Fund–Value/Quest Dist**	—*	3.8	2.1	191	−1	1.00b	*1.82*
		Royce Value Trust/closed-end	—*	5.1	1.6	140	8	NA	0.93
		RPF of America–Equity Fund/Venture	—*	18.4	3.4	30	51	5.00b	*2.58*
		Rushmore–OTC Index Plus/Rushmore	—*	2.9	0.3	11	−3	none	1.00
		Rushmore–Stock Mkt Index Plus/Rushmore	—*	16.0	2.0	52	245	none	0.95
B	C	**Safeco Equity Fund/Safeco**	12.8%	17.8	2.0	64	30	none	0.95
B	C	**Safeco Growth Fund/Safeco**	11.8	18.3	1.1	88	18	none	0.95
D	A	**Safeco Income Fund/Safeco**	14.6	2.9	5.5	207	−8	none	0.89
		St Clair Equity–Capital Growth/Fairfield	—*	21.2	0.8	20	302	none	1.62p
		Salem Funds–Growth/Federated	—*	12.1	4.2	105	21	none	*1.55*
A	B	**Salomon Brothers Capital[1]/Salomon**	15.3	12.8	0.3	74	4	5.00	1.48
C	B	**Salomon Brothers Fund[2]/closed-end**	12.9	11.5	3.9	1,021	5	NA	0.44
C	B	**Salomon Brothers Investors[3]/Salomon**	13.4	10.0	4.0	378	−3	5.00	0.63
C	B	**Salomon Brothers Opportunity[4]/Salomon**	15.4	−3.3	3.4	108	−2	none	1.26
		SBSF–Growth Fund/SBSF	—*	16.0	3.1	100	13	none	1.13
		Schafer Value Fund/Schafer	—*	13.6	1.8	11	−10	none	2.09
•C	•B	**Sci/Tech Holdings/ML Funds**	—*	24.4	0.7	156	−3	6.50	1.55p
A	C	**Scudder Cap Growth/Scudder**	14.7	0.3	0.8	996	20	none	0.93
C	D	**Scudder Development Fund/Scudder**	10.3	28.2	none	361	31	none	1.34
		Scudder Equity Income/Scudder	—*	4.9	5.7	21	21	none	1.51p
		Scudder Fund–Lazard Equity/Scudder	—*	8.1	1.7	18	15	none	*1.78*
		Scudder Gold Fund/Scudder	—*	−2.7	0.6	17	53	none	2.55p
C	C	**Scudder Growth & Income Fund/Scudder**	11.2	6.8	5.2	503	9	none	0.87
C	C	**Second Fiduciary Exchange Fund/‡**	11.5	16.4	1.9	68	6	NA	0.82
•C	•C	**Security Action Fund/Security**	—*	13.5	1.0	251	27	**	0.82
A	D	**Security Equity Fund/Security**	11.6	13.1	2.9	270	5	8.50	1.08
D	C	**Security Investment Fund/Security**	7.5	3.4	6.4	77	−8	8.50	1.26
		Security Omni Fund/Security	—*	4.6	none	18	−6	8.50	4.18
C	F	**Securit[illegible]tra Fund/Security**	6.3	14.4	none	58	−13	8.50	2.98
D	A	**Selected American Shares/Prescott**	15.4	2.3	3.5	412	18	none	*1.08*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. ‡Exchange fund, not currently selling new shares. **Available only through monthly contractual plan. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly Lehman Capital Fund. [2]Formerly Lehman Corp. [3]Formerly Lehman Investors Fund. [4]Formerly Lehman Opportunity Fund.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
B	D	**Selected Special Shares/Prescott**	11.2%	14.5%	1.8%	$60	39%	none	*$1.22*
A+	D	**Seligman Capital Fund/Seligman**	13.4	27.1	none	133	10	4.75%	0.88
B	B	**Seligman Common Stock Fund/Seligman**	14.5	18.9	3.3	497	–1	4.75	0.6.
		Seligman Commun & Inform/Seligman	—*	24.5	none	46	12	4.75	1.48
B	D	**Seligman Growth Fund/Seligman**	10.7	19.1	1.5	559	4	4.75	0.65
C	A	**Sentinel Common Stock Fund/Equity**	16.4	12.8	3.8	597	9	8.50	0.77
A	C	**Sentinel Growth Fund/Equity**	14.0	23.1	1.1	56	14	5.25	1.21
B	D	**Sentry Fund/Sentry**	10.9	19.9	2.8	52	15	8.00	0.65
D	A+	**Sequoia Fund/Ruane**	19.3	13.0	4.1	977	13	†	1.00p
		Shadow Stock Fund/Jones & Babson	—*	–1.7	1.5	25	–5	none	1.33
D	F	**Sherman, Dean Fund/Sherman**	–0.1	4.4	none	3	6	none	2.24
•A	•C	**Sit New Beginning Growth Fund/Sit**	—*	21.0	1.0	74	36	none	1.12
•B	•B	**Sit New Beginning Income & Growth/Sit**	—*	17.1	2.4	18	29	none	1.50p
		Skyline Fund–Special Equities/Mesirow	—*	14.8	1.0	26	50	3.85	*1.60*
		SLH Aggressive Growth/Shearson	—*	24.8	0.1	107	24	5.00	1.17
B	B	**SLH Appreciation Fund/Shearson**	15.9	17.6	2.7	1,121	55	5.00	0.89
		SLH Equity–Growth & Opp/Shearson	—*	–3.7	2.7	183	–5	5.00b	*2.15*
		SLH Equity–Sector Analysis/Shearson	—*	10.3	2.7	213	–37	5.00b	*2.17*
		SLH Equity–Strategic Inv/Shearson	—*	8.2	3.5	218	22	5.00b	*2.32*
D	•B	**SLH Fundamental Value Fund/Shearson**	—*	10.8	2.8	82	–4	5.00	1.15
		SLH Income–Option Inc/Shearson	—*	10.2	9.5	522	–10	5.00b	*1.79*
		SLH Investment–Directions Val/Shearson	—*	13.0	2.0	307	–8	5.00b	*1.96*
C	•C	**SLH Investment–Growth/Shearson**	—*	12.3	5.3	856	–8	5.00b	*1.90*
		SLH Investment–Prec Metals/Shearson	—*	–3.4	0.4	69	–16	5.00b	*2.45*
•C	•D	**SLH Investment–Spec Equities/Shearson**	—*	8.6	3.7	120	–23	5.00b	*2.40*
		SLH Multi Opportunity LP/Shearson	—*	7.4	8.0	202	–22	3.00b	*3.00p*
		SLH Principal Ret–Zero & Apprec/Shearson	—*	12.6	5.7	138	–25	5.00	0.85
		SLH Small Capitalization/Shearson	—*	20.0	none	33	28	5.00	1.50p
		SLH Telecom–Growth/Shearson	—*	1.8	1.9	39	6	5.00	1.24
		SLH Telecom–Income/‡	—*	13.5	4.3	95	0	†	0.92
C	C	**Smith Barney Equity Fund/Smith Barney**	12.0	17.8	2.7	83	5	5.75	*0.79*
D	A	**Smith Barney–Income & Growth/Smith Barney**	16.0	7.6	5.8	586	4	5.75	0.44
C	A+	**SoGen International Fund/Sogen**	17.5	12.5	3.9	195	43	3.75	*1.38*
		Sound Shore Fund/Sound	—*	5.5	2.8	38	7	none	1.24
D	A+	**Source Capital/closed-end**	16.7	9.4	7.3	311	0	NA	0.96
		Southeastern Growth Fund/Wheat First	—*	3.8	1.2	106	4	5.00b	*2.24*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. ‡Exchange fund, not currently selling new shares. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP	in DOWN		Total return			Assets			
——markets——		Fund/distributor	Annual average 11/80 to 6/90	Last 12 months	Yield	6/30/90 ($mil)	% change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		SAM Small-Cap/Southeastern	—*	2.6%	2.0%	$65	96%	none	$1.50p
		SAM Value Trust/Southeastern	—*	2.5	1.8	148	34	none	1.35
D	A	**Sovereign Investors/Sovereign**	15.4%	16.5	4.7	80	53	5.00%	*1.07*
A	D	**Spectra Fund/closed-end**	13.0	24.5	none	5	23	NA	3.55
B	D	**State Bond Common Stock Fund/State Bond**	11.2	26.3	1.8	39	22	4.75	*1.06*
C	B	**State Bond Diversified Fund/State Bond**	13.1	12.4	4.2	24	18	4.75	*0.97*
B	D	**State Bond Progress Fund/State Bond**	10.7	25.4	0.9	9	20	4.75	*1.31*
A	C	**State Street Exchange Fund/‡**	14.4	19.1	2.2	199	11	none	0.62
B	C	**State Street Growth Fund/‡**	14.5	22.8	2.3	289	12	none§	0.54
B	C	**State Street Investment Trust/MetLife**	13.1	23.0	2.8	586	8	4.50	0.50
F	D	**Steadman American Industry/Steadman**	–6.1	–5.4	none	4	–3	†	7.00[1]
F	C	**Steadman Associated/Steadman**	5.1	9.6	none	12	–19	†	4.10[1]
F	D	**Steadman Investment Fund/Steadman**	–1.1	–0.7	none	5	–10	†	4.32[2]
F	F	**Steadman Oceanographic Tech & Gr/Steadman**	–6.9	7.5	none	3	4	†	6.34[2]
A	F	**SteinRoe Capital Opportunities/Stein Roe**	6.4	7.3	0.5	160	–15	none	1.10
A	C	**SteinRoe Special Fund/Stein Roe**	16.3	20.7	2.0	451	59	none	0.97
A	D	**SteinRoe Stock Fund/Stein Roe**	10.1	28.9	1.7	243	27	none	0.74
F	•C	**Strategic Gold/Minerals Fund/Strategic**	—*	–1.4	1.0	2	–30	8.50	1.50
		Strategic Silver Fund/Strategic	—*	18.6	none	22	–12	8.50	1.49
C	C	**Stratton Growth Fund/Stratton**	11.6	6.1	3.6	23	17	none	1.38
F	A+	**Stratton Monthly Dividend Shares/Stratton**	13.0	1.6	8.5	32	–5	none	1.25
		Strong Discovery Fund/Strong	—*	2.7	2.2	71	147	2.00	1.98
		Strong Opportunity Fund/Strong	—*	–3.2	4.0	178	–13	2.00	1.70
		SunAmerica Cap Apprec[3]/SunAmerica	—*	–3.2	1.3	180	–26	5.00b	*2.36*
		SunAmerica Equity–Aggress Grow[4]/SunAmerica	—*	–0.7	none	38	–26	4.75	*1.91*
		SunAmerica Equity–Grow[5]/SunAmerica	—*	14.9	0.7	40	–3	4.75	*1.78*
		SunAmerica Multi-Asset–Tot Ret[6]/SunAmerica	—*	5.6	2.4	33	–9	4.75	*2.08*
A	D	**Surveyor Fund/Alliance**	9.7	1.5	none	93	–12	5.50	*1.56*
		Templeton Value Fund/closed-end	—*	7.9	3.4	178	5	NA	1.35
C	B	**Templeton World Fund/Templeton**	15.6	9.1	3.5	4,581	6	8.50	0.69
		Thomson McKinnon–Growth/Thomson	—*	20.8	0.9	366	4	5.00b	*1.70*
		Thomson McKinnon–Oppor/Thomson	—*	15.7	none	44	–11	5.00b	*1.90*
		Thomson McKinnon–Prec Met/Thomson	—*	–5.5	none	8	19	5.00	*2.50*
		Tocqueville Fund/Freedom	—*	8.8	3.3	15	–13	none	*1.47p*
		Tower–Capital Apprec/Federated	—*	20.6	3.0	69	112	4.50	*0.56p*
		Transamerica Lowry Mkt Timing/Transamerica	—*	10.8	2.7	18	–16	4.75	*1.87p*
		Transamerica Special Blue Chip/Transamerica	—*	17.1	0.6	11	124	6.00b	*3.47p*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. ‡Exchange fund, not currently selling new shares. §Distributor may impose redemption fee whose proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]As of 1988. [2]As of 1987. [3]Formerly Integrated Capital Appreciation. [4]Formerly Integrated Equity–Aggressive Growth. [5]Formerly Integrated Equity–Growth. [6]Formerly Integrated Multi-Asset Total Return.

Distributor table, page 248. Rules, page 176.

[illegible]

Performance in UP markets	**Performance** in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		Transamerica Special Emerg Grow/Transamerica	—*	28.5%	none	$16	130%	6.00%b	*$3.48p*
		Transamerica Spec Natural Res/Transamerica	—*	16.4	0.0%	7	116	6.00b	*3.45p*
C	•C	**Transamerica Sunbelt Growth/Transamerica**	—*	13.4	6.1	31	–8	4.75	*1.85*
C	C	**Transamerica Technology Fund[1]/Transamerica**	11.0%	29.7	0.5	71	28	4.75	*1.83*
B	C	**Tri-Continental Corp/closed-end**	13.6	20.0	2.9	1,692	15	NA	0.55
		20th Century Giftrust Investors/20th Century	—*	30.8	none	33	76	none	1.00
A+	D	**20th Century Growth Investors/20th Century**	13.2	25.8	0.4	2,057	46	none	1.00
		20th Century Heritage Investors/20th Century	—*	19.1	0.8	221	177	none	1.00
A+	C	**20th Century Select Investors/20th Century**	16.6	25.4	2.9	3,299	34	none	1.00
A+	•F	**20th Century Ultra Investors/20th Century**	—*	16.6	2.1	397	17	none	1.00
		20th Century Vista Investors/20th Century	—*	34.1	none	494	117	none	1.00
•C	•B	**UMB Stock Fund/Jones & Babson**	—*	8.6	4.2	48	15	none	0.[illegible]7
C	•C	**Unified Growth Fund/Unified**	—*	9.1	2.5	14	–19	none	1.18
D	B	**Unified Mutual Shares/Unified**	11.1	7.6	3.8	16	–11	none	1.11
C	B	**United Accumulative Fund/Waddell**	15.2	9.9	4.3	874	7	8.50	0.63
A	A	**United Income Fund/Waddell**	19.1	15.6	3.6	1,742	26	8.50	0.69
•D	•C	**United New Concepts Fund/Waddell**	—*	15.2	3.1	65	–16	8.50	1.27
C	C	**United Science & Energy Fund/Waddell**	12.0	17.8	1.8	264	15	8.50	0.84
F	•B	**United Services–Good & Bad/United**	—*	–0.5	3.1	10	–16	none	2.10
		United Services–Growth Fund/United	—*	9.5	1.2	5	4	none	2.40
		United Services–Income Fund/United	—*	8.9	3.4	8	47	none	1.94
B	C	**US Trend Fund/Capstone**	11.7	15.8	2.9	91	2	4.75	0.91
B	B	**United Vanguard Fund/Waddell**	15.6	11.3	3.6	814	10	8.50	0.96
		US Boston Inv–Growth & Inc/US Boston	—*	19.4	1.0	37	20	1.00b	*1.85*
		USAA Investment–Cornerstone/USAA	—*	6.6	3.8	570	14	none	1.23
		USAA Investment–Gold Fund/USAA	—*	–7.1	2.0	142	–11	none	1.44p
B	•D	**USAA Mutual–Aggressive Growth/USAA**	—*	10.6	1.1	158	9	none	0.96
C	D	**USAA Mutual–Growth Fund/USAA**	8.9	14.9	3.1	250	19	none	1.20
		USAA Mutual–Income Stock/USAA	—*	8.1	5.2	87	88	none	1.00p
		UST Master Funds–Equity/UST	—*	10.6	2.3	31	50	4.50	1.22
		UST Master Funds–Inc & Growth/UST	—*	–2.6	4.7	23	16	4.50	1.24
F	A+	**Valley Forge Fund/Valley Forge**	11.4	8.9	6.7	8	–1	none	1.35
		Value Line Convertible Fund/Value Line	—*	7.9	5.4	46	–23	none	1.05
C	C	**Value Line Fund/Value Line**	11.0	21.9	2.6	212	13	none	0.70
D	A	**Value Line Income Fund/Value Line**	12.6	10.6	7.1	144	7	none	0.75
C	B	**Value Line Leveraged Growth Inv/Value Line**	14.3	21.3	1.6	260	14	none	0.96
D	D	**Value Line Special Situations/Value Line**	5.0	8.7	1.5	119	–6	none	1.08

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Reflects performance of Criterion Pilot prior to June 1989 merger.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes stock fund composite	12.1%	12.3%	2.7%				$1.44
		Van Eck Gold/Resources Fund/Van Eck	—*	-4.8%	0.2%	$192	-14%	6.75%	*$1.48*
		Van Kampen Merritt Gr & Inc/Van Kampen	—*	4.4	3.5	26	-28	4.90	*1.58*
B	C	**Vance, Sanders Exchange Fund/‡**	13.0%	22.7	2.1	181	13	NA	0.71
D	C	**Vance, Sanders Special Fund/Eaton Vance**	6.5	15.7	0.4	57	3	4.75	*1.00*
		Vanguard Asset Allocation/Vanguard	—*	9.9	4.3	178	130	none	0.49
D	D	**Vanguard Explorer Fund/Vanguard**	7.7	5.8	1.2	290	1	none	0.64
		Vanguard Gemini II Capital[1] **Vanguard Gemini II Income**	—*	-3.7	6.5	281	-11	none	0.61
D	A+	**Vanguard High Yield Stock/Vanguard**	18.7	-11.6	11.0	110	-35	†	0.44
B	C	**Vanguard Index-500 Portfolio/Vanguard**	14.5	16.1	3.5	2,368	66	none[2]	0.20
		Vanguard Index-Extended Mkt/Vanguard	—*	4.3	1.8	185	97	none[3]	0.23
A	C	**Vanguard/Morgan Growth/Vanguard**	13.7	15.9	2.4	756	10	none	0.51
		Vanguard Primecap Fund/Vanguard	—*	17.5	1.1	310	25	none	0.74
		Vanguard Quantitative Portfolios/Vanguard	—*	16.2	3.2	204	33	none	0.53
B	D	**Vanguard Small Cap[4]/Vanguard**	7.5	0.9	1.2	47	78	none[2]	0.33
		Vanguard Special-Energy/Vanguard	—*	21.5	2.5	102	93	none§	0.38
		Vanguard Special-Health Care/Vanguard	—*	29.7	1.9	134	125	none§	0.39
		Vanguard Spec-Service Economy/Vanguard	—*	9.0	2.4	23	-11	none§	0.43
		Vanguard Special-Technology/Vanguard	—*	23.3	1.1	21	83	none§	0.48
C	B	**Vanguard Trustees Comm-US/Vanguard**	14.0	2.3	3.4	120	-11	none	0.51
B	A	**Vanguard Windsor Fund/Vanguard**	18.5	-1.0	5.8	7,935	1	†	0.38
		Vanguard Windsor II/Vanguard	—*	4.7	5.2	2,510	34	none	0.48
		Vanguard World-US Growth/Vanguard	—*	32.2	1.1	347	121	none	0.88
D	B	**Variable Stock Fund/Variable**	11.2	17.2	8.4	8	-10	none	1.53
		Viking Equity Index Fund-General/Fairfield	—*	13.9	2.1	12	24	none	1.52
		Voyageur Granit Growth Stock/Voyageur	—*	22.9	none	12	7	5.75	*2.31p*
B	D	**Wall Street Fund/Wall Street**	9.3	8.7	0.3	11	-15	5.50	1.93
B	A	**Washington Mutual Investors/American Funds**	17.8	8.9	4.3	5,349	54	5.75	*0.69*
		Weitz Series Fund-Value/Weitz Secs	—*	6.0	3.5	24	25	none	1.46
		Westwood Fund/Dreyfus	—*	10.1	4.0	56	4	4.00	1.27
D	D	**Winthrop Focus Funds-Growth[5]/National Finl**	8.2	14.5	2.2	52	-1	4.00b	*1.37*
		WPG Dividend Income Fund/Weiss	—*	3.1	6.7	9	1	none	1.97p
B	C	**WPG Fund/Weiss**	12.7	13.9	1.1	37	-1	none	1.51
A+	C	**WPG Tudor Fund[6]/Weiss**	16.5	18.7	0.6	203	9	none	1.12
		Zweig Fund/closed-end	—*	10.6	8.5	407	3	NA	1.31
		Zweig Series-Priority Selec[7]/Zweig/Glaser	—*	8.8	4.1	48	136	5.50	*1.35*
		Zweig Total Return/closed-end	—*	7.4	9.9	590	1	NA	1.14

*Fund not in operation for full period. †Closed to new investors. ‡Exchange fund, not currently selling new shares. §Distributor may impose redemption fee whose proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Dual Fund. Performance, asset and expense data on capital and income shares treated as a unit. [2] Annual $10 maintenance fee. [3] Annual $10 maintenance fee and 1% transaction fee. [4] Formerly Vanguard Naess & Thomas Special Fund. [5] Reflects performance of deVegh Mutual Fund prior to May 1987 merger. [6] Formerly Tudor Fund. [7] Reflects performance of Zweig-Blue Chip Fund prior to 1990 merger.

Distributor table, page 248. Rules, page 176.

Balanced funds

Balanced funds either mix stocks with bonds or buy convertible bonds, hybrid securities that combine features of fixed-income investments with some equity-like appreciation potential. Balanced funds are graded separately from stock funds, but over the same market cycles (see chart, page 177). These funds are generally more conservative than stock funds: They hold up better in a crash, but in a strong market (such as we've had in the past 12 months) they underperform stock funds. A handful of balanced funds get honor grades in both bull and bear markets: American Balanced, American Capital Equity Income, Fidelity Puritan and Phoenix Convertible. Starting on page 248 is a list of fund distributors and addresses. Closed-end funds have no distributor. They trade in the secondary market like shares of an industrial company.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes balanced fund composite	7.2%	13.3%	5.6%				$1.38
		Adtek Fund/Adtek	—*	2.4%	3.7%	$9	–28%	none	$2.07
		Advantage Income Fund/Advest	—*	7.3	6.3	52	–8	4.00%b	*2.04*
D	D	**Aim Convertible Securities/AIM**	7.2%	16.0	3.2	12	–10	4.75	*2.12*
C	B	**Alliance Balanced Shares/Alliance**	14.1	–1.9	3.5	158	11	5.50	*1.36*
		Alliance Convertible Fund/Alliance	—*	1.6	5.3	61	–19	5.50	*1.92*
B	B	**American Balanced Fund/American Funds**	14.7	7.9	6.0	310	24	5.75	*0.78*
B	C	**American Capital Convert Secs/closed-end**	14.5	4.4	7.0	72	–6	NA	0.84
B	B	**American Capital Equity Income/American Cap**	15.5	12.3	6.1	96	–3	5.75	*0.83*
A	D	**American Capital Harbor Fund/American Cap**	12.3	8.2	6.0	377	1	5.75	*0.76*
		AMEV Advantage–Asset Alloc/AMEV	—*	11.7	5.1	24	254	4.50	*1.97*
B	D	**Axe-Houghton Fund B/Axe**	12.1	9.7	6.7	161	–2	none	*1.15*
		Bailard Biehl & Kaiser Diversa/Bailard	—*	6.6	4.0	99	–2	none	1.29
D	D	**Bancroft Convertible Fund/closed-end**	9.1	6.0	6.8	54	0	NA	1.50
		Bascom Hill Balanced Fund/Madison	—*	–0.9	5.7	15	23	5.00b	*2.00p*
		Boston Co Inv–Asset Alloc/Boston Co	—*	11.6	3.3	19	156	none	*2.00*
		Bruce Fund/Bruce	—*	30.2	2.4	3	–3	none	1.83p
		Calamos Convertible Income/Calamos	—*	6.9	7.1	15	–30	none	1.10
•C	•D	**Calvert Social Inv–Managed Grow/Calvert**	—*	7.9	2.3	251	26	4.50	*1.29*
		Carillon Investment–Capital/Carillon	—*	9.2	5.6	15	–24	5.00	1.28
D	B	**Castle Convertible Fund/closed-end**	11.6	8.2	7.7	48	0	NA	1.20
A+	C	**CGM Mutual Fund[1]/New England**	16.2	14.3	4.0	323	10	none	0.97
		Colonial Advanced Strategies Gold/Colonial	—*	–5.4	0.2	60	–22	6.75	*1.91*
A	D	**Colonial Fund/Colonial**	13.7	6.8	4.3	334	12	6.75	*1.04*
C	C	**Commonwealth Inv–Balanced/Trusteed**	11.5	12.8	5.4	46	19	7.50	0.98
C	C	**Composite Bond & Stock Fund/Murphey Favre**	11.9	3.1	5.8	72	0	4.00	*1.24*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available.

[1] Formerly Loomis-Sayles Mutual Fund.

Distributor table, page 248. Rules, page 176.

Performance in UP —markets—	Performance in DOWN —markets—	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average Forbes balanced fund composite	14.9% 7.2%	16.4% 13.3%	3.2% 5.6%				 $1.38
		Conn Mutual–Total Return/Phelps	—*	12.2%	6.0%	$69	15%	6.25%	$1.20
		Convertible Holdings–Capital[1]/closed-end **Convertible Holdings–Income/closed-end**	—*	0.1	none	265	–1	NA	0.80
		Convertible Securities & Income/Federated	—*	–3.4	9.8	-29	83	4.50	*1.06p*
F	A	**Country Capital Income Fund/Country Cap**	11.3%	6.6	7.3	6	–2	3.00	1.39
		Dean Witter Convertible Secs/Dean Witter	—*	2.1	4.9	556	–33	5.00b	*1.85*
		Dean Witter Managed Assets/Dean Witter	—*	6.7	6.1	273	–2	5.00b	*1.77*
		Dean Witter Strategist/Dean Witter	—*	16.6	2.4	179	432	5.00b	*1.45*
		Delaware Group Delaware Fund/Delaware	—*	13.3	4.3	397	15	6.75	0.76
A	C	**Dodge & Cox Balanced Fund/Dodge & Cox**	14.3	12.9	4.8	62	37	none	0.72
B	D	**Dreyfus Convertible Securities/Dreyfus**	13.4	10.3	4.2	277	4	none	1.05
		Duff & Phelps Selected Utilities/closed-end	—*	8.2	9.3	1,142	0	NA	1.33
		Eaton Vance High Income Trust/Eaton Vance	—*	–6.3	15.3	229	–21	6.00b	*2.20*
D	A	**Eaton Vance Inc Fund of Boston/Eaton Vance**	11.7	–4.2	14.9	74	–15	4.75	*1.05*
C	C	**Eaton Vance Investors Fund/Eaton Vance**	12.8	10.0	6.1	205	–2	4.75	*0.92*
		Ellsworth Convert Grow & Inc/closed-end	—*	5.5	7.8	51	–3	NA	1.40
		Equitable Funds–Balanced/Equitable	—*	9.9	1.8	22	238	5.00b	*2.00p*
D	A	**Federated Stock & Bond Fund/Federated**	13.8	5.9	6.3	89	–3	none	1.01p
		Fidelity Asset Manager/Fidelity	—*	7.7	3.4	380	111	none	1.22
		Fidelity Balanced Fund/Fidelity	—*	7.8	9.0	223	63	2.00	0.93
		Fidelity Convertible Securities/Fidelity	—*	12.7	6.6	71	53	none	1.38
B	B	**Fidelity Puritan Fund/Fidelity**	16.4	4.3	7.5	4,865	4	2.00	0.65
		First Prairie Diversified Asset/Dreyfus	—*	9.7	7.4	8	27	4.50	*0.00p*
		Franklin Convertible Securities/Franklin	—*	5.8	7.2	20	20	4.00	0.24p
D	A	**Franklin Income Fund/Franklin**	12.7	4.4	11.1	1,434	36	4.00	0.54
		FundTrust–Growth & Income/Signature	—*	5.1	3.6	30	–23	1.50	*1.89*
		Heritage Income–Growth/Heritage	—*	–2.3	5.1	22	–5	4.00	*1.75p*
		Huntington CPI+ Fund/Huntington	—*	6.4	2.1	18	276	3.00	*2.00p*
C	B	**IDS Mutual/IDS**	13.9	3.6	6.4	1,671	5	5.00	0.69
C	A+	**Income Fund of America/American Funds**	16.4	6.0	8.8	2,094	76	5.75	*0.69*
		Investment Port–Total Return/Kemper	—*	13.2	4.0	572	12	5.00b	*2.17*
A+	F	**Kemper Total Return Fund/Kemper**	11.8	13.9	4.4	914	–3	5.75	0.78
C	C	**Keystone Custodian K-1/Keystone**	12.5	7.8	5.9	826	16	4.00b	*1.87*
		Lincoln National Convert Secs/closed-end	—*	9.2	7.0	96	–2	NA	0.94
		Mackenzie Growth & Income/Mackenzie	—*	2.6	1.4	13	75	2.75	*3.34p*
		Mackenzie No Amer Total Return/Mackenzie	—*	4.0	5.7	86	–46	5.00	1.36p
		MainStay–Convertible Fund[2]/NYLife	—*	1.3	5.6	20	–21	5.00b	*2.59*

*Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available.

[1] Dual fund. Performance, asset and expense data on capital and income shares treated as a unit.

[2] Formerly MacKay-Shields MainStay–Convertible Fund.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP markets	in DOWN markets	Fund/distributor	Total return: Annual average 11/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Standard & Poor's 500 stock average	14.9%	16.4%	3.2%				
		Forbes balanced fund composite	7.2%	13.3%	5.6%				$1.38
		MainStay–Total Return Fund/NYLife	—*	12.9%	2.8%	$47	162%	5.00%b	*$2.41*
A	C	**Mass Financial Total Return/Mass Finl**	15.4%	10.3	5.9	759	31	4.75	*0.86*
		MassMutual Integrity–Balanced/MML	—*	10.7	4.4	42	28	4.50	*1.23p*
D	B	**Merrill Lynch Equi-Bond I Fund/ML Funds**	11.7	9.2	4.4	11	–10	†	2.48
•B	•C	**Merrill Lynch Phoenix Fund#/ML Funds**	—*	5.2	4.0	258	–8	6.50	1.32p
		Merrill Lynch Retire Benefit Inv#/ML Funds	—*	7.9	6.4	1,433	–19	6.50	0.82
		Merriman Timed Asset Alloc/Merriman	—*	7.8	4.5	22	558	none	1.49p
		MetLife-State Street Mngd Assets/MetLife	—*	9.7	6.2	65	86	4.50	*1.25p*
		Mimlic Asset Allocation Fund/Mimlic	—*	10.9	6.5	10	35	5.00	*1.33p*
F	A	**Mutual of Omaha Income/Mutual of Omaha**	12.2	8.7	7.8	171	4	4.75	*0.78*
		National Strategic Allocation/National Secs	—*	9.6	2.6	84	–27	5.75	*1.62*
C	B	**National Total Income Fund/National Secs**	15.9	6.6	6.0	224	34	5.75	*1.22*
B	D	**National Total Return Fund/National Secs**	13.9	10.6	4.3	265	0	5.75	*1.17*
		Noddings Convertible Strategies/Noddings	—*	0.5	8.1	4	–32	none	2.50p
		NA Security–Aggres Asset Alloc/Wood Logan	—*	–0.1	2.6	7	73	4.75	*2.74*
		NA Security–Conserv Asset Alloc/Wood Logan	—*	6.7	8.3	12	33	4.75	*2.62*
		NA Security–Mod Asset Alloc/Wood Logan	—*	1.8	6.1	45	7	4.75	*2.59*
		Olympic Trust–Balanced Income/Olympic	—*	6.2	6.1	10	22	none	1.00p
		Oppenheimer Asset Allocation/Oppenheimer	—*	6.1	4.5	85	24	4.75	*1.38*
		Oppenheimer Ninety Ten Fund/Oppenheimer	—*	2.8	8.8	11	–43	7.75	1.48
		Overland Express Asset Allocation/Overland	—*	8.9	5.8	29	63	4.50	1.76
		PaineWebber Asset Allocation/PaineWebber	—*	5.7	6.0	507	–19	5.00b	*1.84*
B	D	**Pax World Fund/Pax World**	12.9	17.2	4.2	108	29	none	*1.10*
•D	•C	**Permanent Port–Permanent/Permanent**	—*	1.8	none	88	–6	none	*1.17*
C	•B	**Phoenix Balanced Fund/Phoenix**	—*	16.5	4.7	489	14	6.90	0.88
B	B	**Phoenix Convertible Fund/Phoenix**	15.2	11.4	5.3	152	–2	6.90	1.02
		Piper Jaffray Balanced Fund/Piper	—*	6.8	4.2	16	22	4.00	*1.30p*
		Princor Managed Fund/Princor	—*	20.0	4.3	21	8	5.00	*1.26*
		ProvidentMutual Convertible[1]/Provident	—*	–1.1	3.8	9	–68	4.50	*2.69*
C	C	**ProvidentMutual Total Return[2]/Provident**	13.0	10.5	8.6	70	35	6.00	*1.17*
		Pru-Bache IncomeVertible#/Pru-Bache	—*	3.0	7.7	521	5	5.25	*1.23*
B	D	**Putnam Convert Income-Growth/Putnam**	12.1	4.1	6.3	716	–18	5.75	*0.93*
A	C	**George Putnam Fund of Boston/Putnam**	14.4	11.5	6.2	439	8	5.75	*0.73*
		Quest for Value–Asset Allocation/Quest	—*	12.4	1.9	6	150	5.50	*2.00p*
•C	•B	**Rea-Graham Balanced Fund/Rea**	—*	2.6	7.1	41	–17	4.75	*1.60*
		Rochester Convertible[3]/Rochester	—*	3.7	7.0	6	11	3.25	*2.43*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. #Fund has two share classes, one with large 12b-1 fee and back-end load and the other with small 12b-1 fee and front-end load. Results shown are for front-loaded shares. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. [1] Formerly RNC Convertible Securities. [2] Formerly Sigma Trust Shares. [3] Formerly Rochester Convertible–Growth Fund.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP	in DOWN		Total return			Assets			
——markets——		Fund/distributor	Annual average 11/80 to 6/90	Last 12 months	Yield	6/30/90 ($mil)	% change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Rodney Square Multi–Total Return/Rodney	—*	15.0%	3.0%	$22	12%	5.75%	*$1.75p*
		Royce Fund–Total Return/Quest Dist	—*	-10.1	3.7	3	–43	1.00b	*1.92*
		Schield–Timed Asset Allocation/Schield	—*	0.8	3.1	9	480	1.50	*2.33p*
D	A	**Seligman Income Fund/Seligman**	12.5%	4.0	8.8	150	–8	4.75	0.75
C	B	**Sentinel Balanced Fund/Equity**	15.2	9.5	6.4	78	12	8.50	0.91
		Skyline Fund–Balanced/Mesirow	—*	9.2	4.6	13	6	3.85	*1.63*
		SLH Income–Convertible/Shearson	—*	–1.9	7.1	102	–32	5.00b	*1.72*
		SLH Income–Utilities/Shearson	—*	7.1	7.0	618	32	5.00b	*1.80*
C	F	**SteinRoe Total Return Fund/Stein Roe**	9.7	9.5	4.8	140	1	none	0.88
D	•A	**Strong Investment Fund/Strong**	—*	3.5	5.3	230	–7	1.00	1.30
C	•C	**Strong Total Return Fund/Strong**	—*	–10.4	7.1	809	–35	1.00	1.38
		SunAmerica Inc–Convertible[1]/SunAmerica	—*	–2.5	6.5	14	–49	4.75	*2.11*
		TCW Convertible Securities Fund/closed-end	—*	3.2	10.6	167	–8	NA	0.95
		Templeton Income Fund/Templeton	—*	8.2	9.9	110	–5	4.50	1.10

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly Integrated Income–Convertible Securities.

Distributor table, page 248. Rules, page 176.

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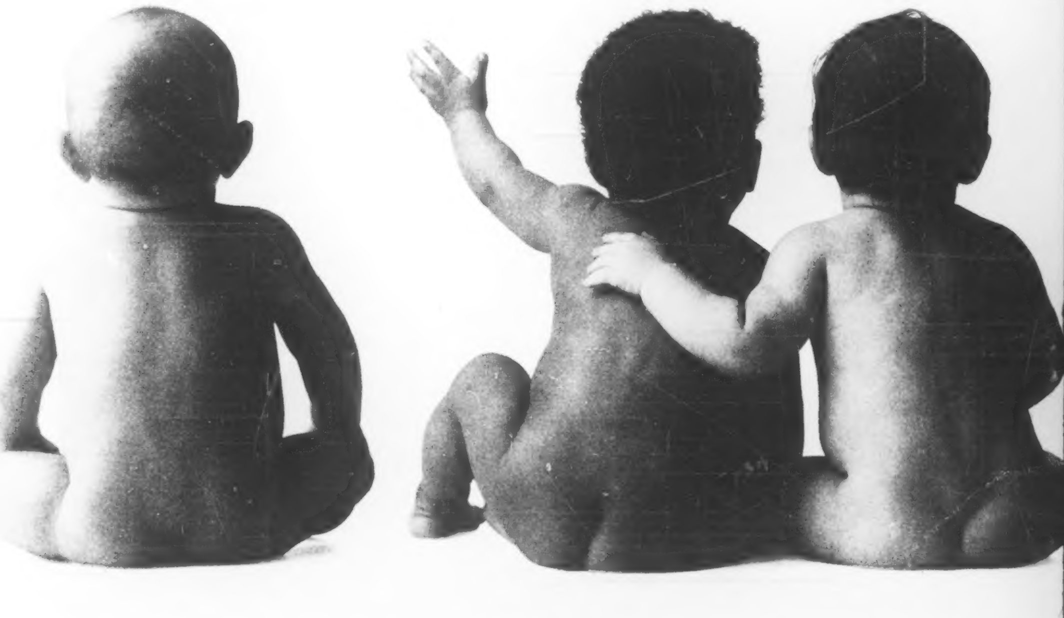

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Performance			Total return			Assets			
in UP —markets	in DOWN markets—	Fund/distributor	Annual average 11/80 to 6/90	Last 12 months	Yield	6/30/90 ($mil)	% change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Thompson, Unger & Plumb/Thompson	—*	13.8%	2.6%	$12	46%	none	$2.00
C	C	**Transamerica Growth & Income/Transamerica**	12.9%	20.1	2.6	69	5	4.75%	*1.12*
		Transamerica Special Convertible/Transamerica	—*	12.4	4.5	9	–15	6.00b	*2.51*
		Triflex Fund/Securities Mgmt	—*	4.8	5.2	21	–9	7.50	1.31p
		20th Century Balanced/20th Century	—*	22.3	3.4	60	156	none	1.00
D	•D	**Unified Income Fund/Unified**	—*	6.7	7.4	5	–33	none	1.33
A	D	**United Continental Income Fund/Waddell**	14.7	10.7	5.5	320	5	8.50	0.81
B	C	**United Retirement Shares/Waddell**	13.6	13.0	4.1	161	28	8.50	0.87
		USAA Investment–Balanced/USAA	—*	6.4	4.3	38	120	none	1.00p
		Vanguard Convertible Securities/Vanguard	—*	7.3	5.9	55	–19	none	0.88
		Vanguard Equity Income Fund/Vanguard	—*	6.9	5.2	425	149	none	0.44
		Vanguard STAR Fund/Vanguard	—*	5.5	6.4	1,077	29	none	0.43
D	A+	**Vanguard Wellesley Income Fund/Vanguard**	15.1	8.2	8.0	919	37	none	0.45
A	C	**Vanguard Wellington Fund/Vanguard**	14.7	6.5	6.1	2,331	28	none	0.43

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor.

Distributor table, page 248. Rules, page 176.

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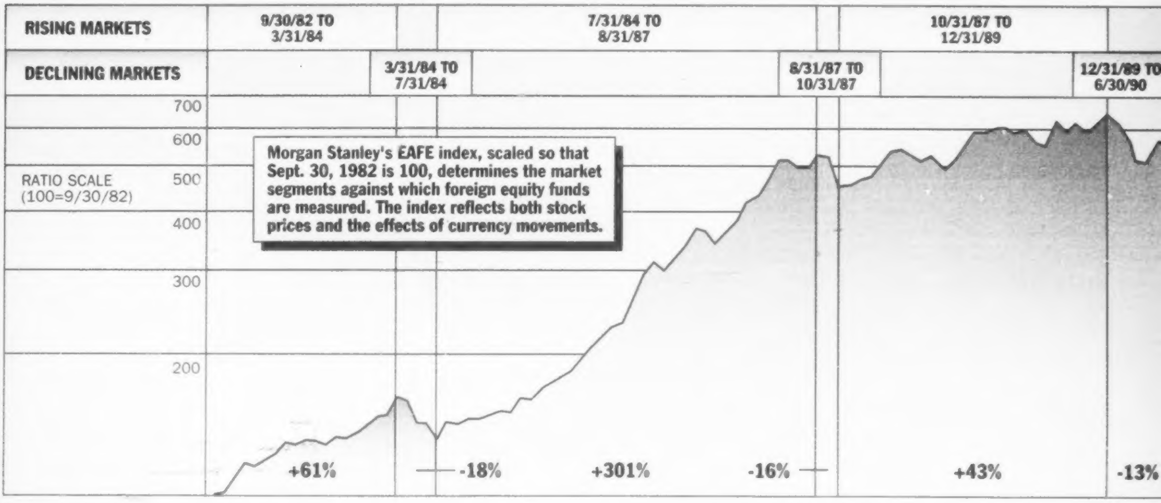
Foreign stock funds

U.S.-based stock funds with predominantly foreign portfolios are in this table. The benchmark for measuring foreign fund performance is the Morgan Stanley stock index for Europe, Australia, the Far East and New Zealand. The index aims to show the dollar return that a U.S. investor would have enjoyed in the average foreign stock. Thus, it reflects not only price movements on foreign bourses but also fluctuations in the value of the dollar. The standout performer on this table the Mexico Fund, the only one in our survey to rate a double A+. Mexican stocks were severely depressed in 1982, at th beginning of our foreign fund measurement period. Fund based overseas, whether they invest in local makets or in th U.S., are not covered in the main fund tables, although sampling of British investment trusts appears on page 152.



Morgan Stanley's EAFE index, scaled so that Sept. 30, 1982 is 100, determines the market segments against which foreign equity funds are measured. The index reflects both stock prices and the effects of currency movements.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 9/82 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Morgan Stanley Capital Intl EAFE index	27.0%	3.3%	1.4%				
		Forbes foreign stock fund composite	17.6%	18.0%	1.4%				$1.94
C	C	**Alliance Global–Canadian Fund/Alliance**	13.4%	–6.1%	none	$26	–17%	5.50%	*$2.33*
A	C	**Alliance International Fund/Alliance**	24.5	15.3	0.2%	266	60	5.50	*1.45*
		AMA Family of Funds–Global Growth/AMA	—*	14.2	4.1	109	5	none	*1.69*
D	D	**ASA Limited/closed-end**	8.0	10.2	6.1	552	4	NA	0.51
		Asia Pacific Fund/closed-end	—*	45.4	0.2	143	40	NA	1.72
		Babson-Stewart Ivory Intl/Jones & Babson	—*	23.4	0.3	11	184	none	2.68
		Boston Co Inv–International/Boston Co	—*	14.6	1.4	35	70	none	*1.77*
		Brazil Fund/closed-end	—*	–29.5	19.2	120	–40	NA	2.01
D	D	**Bull & Bear Gold Investors/Bull & Bear**	4.3	1.5	1.0	39	3	none	*2.49p*
		Capstone Intl–European Plus/Capstone	—*	22.6	0.3	15	NM	4.75	4.75p
		Clemente Global Growth Fund/closed-end	—*	28.8	none	73	27	NA	3.05
		Colonial Intl Equity Index/Colonial	—*	15.6	none	15	32	4.75	*2.86*
		Counsellors International Equity/Counsellors	—*	28.4	0.8	34	329	none	1.48p

*Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. NM: Not meaningful.

Distributor table, page 248. Rules, page 176.

Performance in UP —markets—	in DOWN	Fund/distributor	Total return: Annual average 9/82 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Morgan Stanley Capital Intl EAFE index	27.0%	3.3%	1.4%				
		Forbes foreign stock fund composite	17.6%	18.0%	1.4%				$1.94
•C	B	**Dean Witter World Wide Inv/Dean Witter**	—*	15.4%	1.7%	$323	10%	5.00%b	*$2.21*
		Dreyfus Strategic World Inv LP/Dreyfus	—*	19.7	none	21	18	3.00	*1.50p*
		Enterprise Group–Intl Grow/Enterprise	—*	15.5	none	10	82	4.75	*2.50p*
		Enterprise Group–Precious Metals/Enterprise	—*	4.7	2.4	6	20	4.75	*2.50p*
•B	•A	**EuroPacific Growth Fund/American Funds**	—*	27.8	1.9	805	222	5.75	*1.24*
		European Emerging Companies/Review	—*	23.5	0.2	35	172	4.50	*2.25p*
		Fenimore Intl Fund Equity/Burnham	—*	30.6	none	45	–7	5.00	*2.52p*
		Fidelity Canada Fund/Fidelity	—*	5.4	0.1	23	2	3.00b	2.00p
		Fidelity Europe Fund/Fidelity	—*	30.9	1.0	450	509	3.00b	1.54
		Fidelity International Grow & Inc/Fidelity	—*	21.1	1.1	36	42	2.00b	2.02p
		Fidelity Overseas Fund/Fidelity	—*	28.8	0.9	1,108	23	3.00	1.13
		Fidelity Pacific Basin Fund/Fidelity	—*	9.0	0.1	101	–8	3.00b	1.38
		Financial Strategic–European/Financial Prog	—*	25.2	1.1	90	NM	none	1.78
•A	C	**Financial Strategic–Pacific Basin/Financial Prog**	—*	14.7	0.1	20	–16	none	1.62
		First Australia Fund/closed-end	—*	7.3	6.0	59	1	NA	2.24
		First Iberian Fund/closed-end	—*	19.4	1.0	75	17	NA	2.20p
B	C	**First Investors Global[1]/First Inv**	22.8%	39.1	none	246	196	6.90	*1.75*
		Flag Investors International Trust/Brown	—*	19.4	4.1	51	59	4.50	*1.49p*
C	D	**Franklin Gold Fund/Franklin**	11.2	10.1	3.7	279	0	4.00	0.78
		Freedom Inv II–Global Fund/Freedom	—*	20.8	none	41	20	3.00b	*2.41*
		FT International/Federated	—*	20.9	1.2	78	26	4.50	1.52p
		GAM Global Fund/GAM	—*	27.1	0.2	26	58	5.00	*2.68*
		GAM International Fund/GAM	—*	29.1	0.5	26	45	5.00	*2.74*
		GAM Pacific Basin Fund/GAM	—*	32.3	none	12	125	5.00	*5.93p*
		Germany Fund[2]/closed-end	—*	45.8	0.5	173	147	NA	1.10
		GT Global Growth–Europe/GT Global	—*	29.6	none	1,705	NM	4.75	*1.90*
		GT Global Growth–Intl/GT Global	—*	26.1	none	348	508	4.75	*1.90*
		GT Global Growth–Japan/GT Global	—*	36.6	none	73	196	4.75	*2.10*
A	C	**GT Global Growth–Pacific/GT Global**	24.9	30.4	none	265	197	4.75	*2.00*
		GT Global Growth–Worldwide/GT Global	—*	23.3	none	85	351	4.75	*2.00*
		John Hancock Global Trust/Hancock	—*	18.1	0.8	103	–7	4.50	*2.02*
		John Hancock World–Pac Basin Eq/Hancock	—*	22.2	none	5	8	4.50	*2.24p*
		Harbor International/HCA Securities	—*	27.3	0.9	62	177	none	1.32p
		IAI International Fund/IAI Funds	—*	13.1	2.6	33	76	none	1.90
		IDS International Fund/IDS	—*	28.8	1.0	238	20	5.00	1.41
		IDS Precious Metals Fund/IDS	—*	–2.9	1.4	81	–12	5.00	1.46
		IDS Strategy–Pan Pacific Growth/IDS	—*	21.4	0.1	47	–4	5.00b	*2.42*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. NM: Not meaningful. [1]Formerly First Investors International Fund. [2]Performance adjusted for secondary offering.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings/Foreign Stocks

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return		Yield	As[illegible]		Maximum sales charge	Annual expenses per $100
			Annual average 9/82 to 6/90	Last 12 months		6/30/90 ($mil)	% change '90 vs '89		
		Morgan Stanley Capital Intl EAFE index	27.0%	3.3%	1.4%				
		Forbes foreign stock fund composite	17.6%	18.0%	1.4%				$1.94
		Italy Fund/closed-end	—*	50.6%	0.9%	$100	49%	NA	$1.90
		Ivy International Fund/Ivy	—*	21.6	0.8	80	118	none	1.80
B	B	Japan Fund/Scudder	27.5%	17.5	0.5	382	5	none	1.02
B	C	Kemper International Fund/Kemper	22.4	23.4	0.7	215	18	5.75%	1.06p
D	C	Keystone International Fund/Keystone	15.3	0.9	none	96	–16	4.00b	*2.79*
D	D	Keystone Precious Metals/Keystone	5.5	–4.5	1.8	168	–17	4.00b	*2.20*
B	C	Kleinwort Benson–Intl Equity/Kleinwort	23.3	22.8	1.4	93	51	none	*2.00*
		Korea Fund[1]/closed-end	—*	–47.5	0.9	303	–6	NA	1.46
		Lexington Global Fund/Lexington	—*	15.3	0.2	56	33	5.00	1.64
		Lord Abbett Global–Equity/Lord Abbett	—*	13.5	1.1	37	149	6.75	*1.26p*
		Mackenzie Canada Fund/Mackenzie	—*	–6.8	2.5	16	54	5.00	*2.35p*
		MainStay–Global Fund[2]/NYLife	—*	7.8	none	21	10	5.00b	*3.57*
		Malaysia Fund/closed-end	—*	29.8	0.8	104	30	NA	1.95
		Merrill Lynch EuroFund#/ML Funds	—*	31.5	0.7	612	193	6.50	1.11
		Merrill Lynch Global Alloc#/ML Funds	—*	15.9	4.3	182	72	6.50	1.27
		Merrill Lynch Global Convert#/ML Funds	—*	3.3	5.2	23	–32	4.00	2.19p
●C	●B	Merrill Lynch Intl Holdings#/ML Funds	—*	18.7	1.8	225	20	6.50	1.49
A	D	Merrill Lynch Pacific Fund#/ML Funds	28.9	14.1	0.3	326	13	6.50	1.06
A+	A+	Mexico Fund[1]/closed-end	41.0	38.0	3.7	297	32	NA	1.60
		MFS Lifetime Global Equity Trust/Mass Finl	—*	23.8	none	79	86	6.00b	*3.05*
		MFS Lifetime Gold & Prec Met/Mass Finl	—*	0.5	none	7	132	6.00b	*3.67*
		Nomura Pacific Basin Fund/Nomura	—*	14.0	1.3	60	–9	none	1.32
		Oppenheimer Global Bio-Tech/Oppenheimer	—*	29.9	none	13	594	6.75	*2.40*
C	B	Oppenheimer Global Fund/Oppenheimer	23.1	34.4	0.3	809	78	8.50	1.79
●A	●C	PaineWebber Classic Atlas Fund/PaineWebber	—*	20.1	0.7	216	16	4.50	*1.50*
		PaineWebber Classic World/PaineWebber	—*	15.8	5.3	102	4	4.50	*2.20*
		T Rowe Price Intl Discovery/Price	—*	47.1	0.9	164	NM	none	1.50p
B	B	T Rowe Price International Stock/Price	24.8	25.5	1.5	1,163	69	none	1.05
		Princor World Fund/Princor	—*	16.4	0.4	17	27	5.00	*1.68*
		ProvidentMutual World[3]/ProvidentMutual	—*	12.1	0.2	7	–4	6.00	*2.90*
●C	●C	Pru-Bache Global Fund#/Pru-Bache	—*	7.8	2.6	332	–17	5.25	*1.97*
		Pru-Bache Global Genesis#/Pru-Bache	—*	12.8	none	41	204	5.25	*3.90*
		Pru-Bache Global Natural Res#/Pru-Bache	—*	7.1	0.6	45	3	5.25	*2.72*
C	B	Putnam International Equities/Putnam	24.6	22.5	1.6	630	35	5.75	*1.40*
		Rodney Square Intl–Equity/Rodney	—*	21.9	0.6	71	19	5.75	*1.75p*
		Scudder Global Fund/Scudder	—*	20.0	0.5	257	183	none	1.81
B	B	Scudder International Fund/Scudder	25.1	25.7	1.5	936	66	none	1.18

●Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. #Fund has two share classes: one with large 12b-1 fee and back-end load and the other with small 12b-1 fee and front-end load. Results shown are for front-loaded shares. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. NM: Not meaningful. [1]Performance adjusted for secondary offering. [2]Formerly MacKay-Shields MainStay Global Fund. [3]Formerly Sigma World Fund.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings/Foreign Stocks

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 9/82 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Morgan Stanley Capital Intl EAFE index **Forbes foreign stock fund composite**	27.0% 17.6%	3.3% 18.0%	1.4% 1.4%				 $1.94
		Scudder New Asia Fund/closed-end	—*	58.6%	0.7%	$131	45%	NA	$1.84
		SLH Equity–International/Shearson	—*	9.7	none	58	–17	5.00%b	*2.99*
•D	•C	**SLH Global Opportunities/Shearson**	—*	12.0	2.3	78	–17	5.00	1.63
		SLH Investment–Global Equity/Shearson	—*	13.4	0.9	9	0	5.00b	*3.05p*
		SLH Precious Metals & Mins/Shearson	—*	–2.4	2.1	27	–26	5.00	2.35
		Spain Fund/closed-end	—*	22.9	1.7	151	15	NA	1.81
		SteinRoe International Growth/Stein Roe	—*	21.3	none	20	26	none	2.17
F	F	**Strategic Investments Fund/Strategic**	–6.9%	–11.2	5.3	35	–26	8.50	1.62
		Swiss Helvetia Fund/closed-end	—*	28.5	none	118	28	NA	1.80
		Taiwan Fund[1]/closed-end	—*	–24.2	none	75	–36	NA	2.11
		Templeton Emerging Markets/closed-end	—*	48.8	1.0	186	45	NA	2.03
•B	A	**Templeton Foreign Fund/Templeton**	—*	32.1	3.0	881	126	8.50	0.81
C	B	**Templeton Global/Templeton**	18.5	7.9	2.5	893	2	8.50	0.95
C	A	**Templeton Growth Fund/Templeton**	19.8	16.3	3.8	2,662	26	8.50	0.66
		Thai Fund/closed-end	—*	72.8	1.6	221	57	NA	1.51
		Thomson McKinnon–Global/Thomson	—*	15.7	none	47	–14	5.00b	*2.30*
		Transamerica Spec Global Grow/Transamerica	—*	7.5	none	8	1	6.00b	*4.36*
		Tyndall World–Tiger/Tyndall	—*	19.1	0.3	8	938	5.00	3.30p
		Tyndall World–TV EuroPacific/Tyndall	—*	11.2	0.4	8	225	5.00	2.99p
		United Gold & Government Fund/Waddell	—*	–3.5	2.3	63	–23	8.50	1.49
C	A	**United International Growth/Waddell**	19.4	15.3	1.9	292	13	8.50	1.17
		United Kingdom Fund/closed-end	—*	4.3	1.6	46	–1	NA	1.92
•D	•D	**United Services–Global Resources/United**	—*	–0.5	7.9	32	–14	none	2.10
D	D	**United Services–Gold Shares Fund[2]/United**	1.5	5.5	5.0	295	25	none	1.46
		United Services–New Prospector/United	—*	–6.2	0.9	73	–16	none	1.95
		US Boston Inv–Foreign G&I[3]/US Boston	—*	15.5	0.3	32	47	1.00b	*2.00p*
		USAA Investment–International/USAA	—*	21.3	0.2	23	124	none	2.29p
		UST Master Funds–Intl/UST Secs	—*	21.0	1.6	26	94	4.50	1.34
D	D	**Van Eck International Investors/Van Eck**	9.3	11.0	2.3	699	–4	8.50	0.88
		Van Eck World Trends Fund/Van Eck	—*	18.0	1.3	57	–8	5.75	*1.56*
•C	•D	**Vanguard Spec–Gold & Prec Metals/Vanguard**	—*	5.0	2.8	161	30	none§	0.45
•B	A	**Vanguard Trustees Comm–Intl/Vanguard**	—*	25.7	2.6	820	61	none	0.46
		Vanguard World–Intl Growth/Vanguard	—*	25.2	1.2	828	79	none	0.64
		Warburg International Fund/Keffer	—*	14.4	0.3	11	4	4.50	1.11p
		Worldwide Value Fund/closed-end	—*	4.6	0.5	57	–5	NA	2.30
		WPG International Fund/Weiss	—*	11.1	none	16	189	none	2.30p
•D	•B	**Z-Seven Fund/closed-end**	—*	4.2	3.2	19	–9	NA	1.16

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. §Distributor may impose redemption fee whose proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Performance adjusted for secondary offering. [2] Formerly United Services-Prospector Fund. [3] Fund has Class A shares with a $5 million minimum investment.

Distributor table, page 248. Rules, page 176.

Foreign bond funds

Funds that buy foreign bonds look a lot better in this survey than they did in last year's: The average one-year total return is 13.6%, against a 2.5% average in the 1989 fund survey. These numbers are largely a reflection of the dollar's strength or weakness over the previous 12 months. When the dollar rises in value against other currencies, as it did in the year ended June 1989, foreign bond funds turn in very bad results to U.S. dollar investors. When the dollar falls, as it has recently, U.S. investors benefit from having their money parked in foreign currencies. The moral of this story: Don't take the glorious one-year returns you see below as an indication of likely returns over the long haul. Putting some of your fixed-income portfolio abroad will probably lessen the volatility in it, since diversification reduces volatility. There's nothing wrong with doing that. But buying foreign bonds probably won't do much to improve your long-term returns.

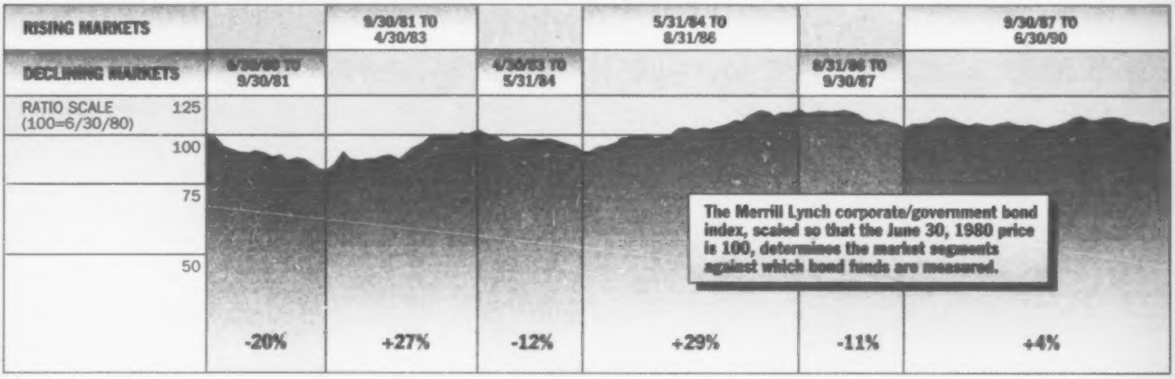
Fund/distributor	Total return: Annual average 9/82 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 (millions)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
Forbes foreign bond fund composite		13.6%	8.8%				$1.44
Alliance Short-Term Multi Market Trust#/Alliance	—*	15.1%	11.0%	$949	830%	$3.00	*$1.14*
Capital World Bond Fund/American Funds	—*	7.0	8.5	37	6	4.75	*1.30*
Dean Witter Worldwide Income/Dean Witter	—*	8.8	9.5	431	51	5.00b	1.81
Fidelity Global Bond Fund/Fidelity	—*	11.0	4.3	80	86	none	1.47
First Australia Prime Income/closed-end	—*	23.4	12.5	833	9	NA	1.51
Freedom Inv II–Global Income/Freedom	—*	7.7	9.8	190	–18	3.00b	*1.84*
Global Government Plus/closed-end	—*	7.3	11.0	371	–13	NA	1.11
Global Income Plus Fund/closed-end	—*	16.4	8.7	238	7	NA	1.26
Global Yield Fund/closed-end	—*	13.2	9.7	586	–2	NA	1.07
GT Investment–Global Bond/GT Global	—*	4.0	7.9	40	20	4.75	*1.84*
International Cash–Global[1]/Huntington	—*	12.0	7.0	75	–12	2.25	*2.09*
Kleinwort Benson Australian Income/closed-end	—*	17.9	8.4	65	6	NA	1.64
Mass Financial Intl-Bond/Mass Finl	14.4%	13.6	3.9	122	–4	4.75	*1.42*
Merrill Lynch Retire Global Bond#/ML Funds	—*	15.0	9.5	276	3	4.00	1.05
PaineWebber Master Global Income/PaineWebber	—*	17.9	8.2	1,105	1	5.00b	*1.93*
T Rowe Price International Bond/Price	—*	10.4	8.6	306	16	none	1.23
Putnam Global Governmental/Putnam	—*	12.6	9.8	197	28	4.75	*1.62*
Scudder International Bond/Scudder	—*	17.6	9.0	73	446	none	1.25p
SLH Income–Global Bond/Shearson	—*	8.0	7.0	62	–39	5.00b	*2.05*
SLH Investment–European/Shearson	—*	30.1	0.5	26	878	5.00	*2.98p*
Templeton Global Govt Income/closed-end	—*	14.2	10.7	186	5	NA	1.18
Templeton Global Income Fund[2]/closed-end	—*	8.6	11.8	968	–2	NA	0.81
Van Eck World Income Fund/Van Eck	—*	18.8	9.7	43	15	4.75	*1.42p*
World Income Fund/closed-end	—*	15.7	12.3	296	2	NA	0.85

*Fund not in operation for full period. #Fund has two share classes, one with large 12b-1 fee and back-end load and the other with small 12b-1 fee and front-end load. Results shown are for front-loaded shares. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Invests in foreign money market instruments. [2] Performance adjusted for secondary offering.

Distributor table, page 248. Rules, page 176.

Taxable bond funds

Bond funds are rated according to the same formula as stock funds, with separate grades for up and down markets. The concept: It's easy to do well in either bull markets (by buying long-term bonds) or bear markets (by buying short-term bonds) but hard to do well in both. The rating period for bond funds starts in June 1980. To be rated at all, a bond fund must have been in existence since April 1983, or two full market cycles. Our benchmark for evaluating bond funds is the Merrill Lynch corporate/government bond index. Municipal bond funds are listed separately starting on page 230; foreign bond funds are shown on page 218. To get on the list below a fund must be at least a year old. Also, it must have either $100 million in assets or $25 million in assets and enough history to be rated.



The Merrill Lynch corporate/government bond index, scaled so that the June 30, 1980 price is 100, determines the market segments against which bond funds are measured.

Performance

in UP —markets—	in DOWN —markets—	Fund/distributor	Total return: Annual average 6/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	11.5%	6.9%	8.8%				
		Forbes taxable bond fund composite	10.9%	3.0%	10.5%				$1.06
		AAL Income Fund/AAL Mutual	—*	7.0%	8.3%	$103	69%	4.75%	*$1.00p*
		AARP Income–GNMA & US Treas/Scudder	—*	8.3	8.8	2,553	–1	none	0.80
		AARP Income–High Quality Bond[1]/Scudder	—*	6.3	7.9	146	15	none	1.15p
		ACM Government Income Fund/closed-end	—*	5.4	12.5	477	–6	NA	1.39
		ACM Government Opportunity/closed-end	—*	6.0	11.3	104	–5	NA	1.25
		ACM Government Securities/closed-end	—*	6.0	12.5	665	–5	NA	1.32
		ACM Government Spectrum/closed-end	—*	5.2	10.9	269	–5	NA	1.42
		ACM Managed Income Fund/closed-end	—*	–1.2	12.2	255	38	NA	1.11
		Advantage Government Securities/Advest	—*	6.6	8.4	113	–9	4.00b	*1.45p*
F	A	**Aim High Yield Securities/AIM**	8.5%	–7.9	15.3	46	–35	4.75	*1.48*
		Alliance Bond–High Yield/Alliance	—*	–23.8	17.6	128	–53	5.50	*1.36*
A	D	**Alliance Bond–Monthly Inc Shs/Alliance**	11.5	3.3	10.0	68	30	5.50	*1.50*
		Alliance Bond–US Government/Alliance	—*	6.0	10.2	511	–4	5.50	*1.09*
		Alliance Mortgage Secs Income/Alliance	—*	8.1	10.6	510	–16	5.50	*1.13*
D	C	**AMA Family of Funds–US Govt Inc +/AMA**	9.0	7.1	8.5	39	–2	none	*1.85*

*Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly AARP Income–General Bond.

Distributor table, page 248. Rules, page 176.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 6/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index Forbes taxable bond fund composite	11.5% 10.9%	6.9% 3.0%	8.8% 10.5%				 $1.06
C	B	**American Capital Bond Fund/closed-end**	11.0%	2.5%	11.1%	$205	–7%	NA	$0.71
C	B	**American Capital Corp Bond/American Cap**	10.7	1.1	10.2	203	–18	4.75%	*0.75*
		American Capital Govt Secs/American Cap	—*	5.7	9.9	4,108	–17	4.75	*0.90*
D	B	**American Capital High Yld Inv/American Cap**	8.4	–14.8	16.2	374	–39	4.75	*0.77*
		American Capital Income Trust/closed-end	—*	–4.2	13.4	115	–15	NA	0.97
		American Income-US Govt Guar/American Funds	—*	8.1	9.6	603	24	4.75	*0.97*
		American Government Income/closed-end	—*	10.2	12.2	141	1	NA	1.02
		American Government Inc Port/closed-end	—*	9.7	11.6	205	1	NA	1.02
		American High-Income Trust/American Funds	—*	3.3	12.1	144	21	4.75	*0.97p*
B	D	**AMEV Securities/closed-end**	10.3	2.9	11.5	106	–6	NA	0.85
C	B	**AMEV US Govt Securities Fund/AMEV**	11.4	7.9	9.6	155	38	4.50	0.83
B	C	**Axe-Houghton Income Fund/Axe**	11.9	5.0	8.8	64	1	none	*1.41*
C	B	**Babson Bond Trust–Long-Term/Jones & Babson**	10.7	6.3	8.8	84	18	none	0.97
		Bartlett Capital–Fixed Income/Bartlett	—*	6.5	8.4	158	–3	none	1.00
		Benham Government Inc–GNMA/Benham	—*	8.4	9.0	307	18	none	0.75p
		Benham Target Maturities–2015/Benham	—*	–4.0	none	319	92	none	0.70p
D	A	**Benham Treasury Note Fund/Benham**	9.6	6.9	7.6	104	28	none	0.75p
		Bernstein Govt Short Duration/Bernstein	—*	7.5	8.0	172	44	none	0.75
		Bernstein Intermed Duration/Bernstein	—*	6.6	8.0	246	63	none	0.73
		Bernstein Short Duration Plus/Bernstein	—*	7.8	8.0	391	28	none	0.70
		Blackstone Income Trust/closed-end	—*	14.6	13.0	507	2	NA	1.12
		Blackstone Target Term Trust/closed-end	—*	8.3	10.6	881	–3	NA	0.96
B	C	**Bond Fund of America/American Funds**	11.9	5.2	9.9	1,726	39	4.75	*0.76*
D	A	**Boston Co Managed Income/Boston Co**	10.2	3.1	8.6	78	1	none	*1.09*
C	C	**Bunker Hill Income Securities/closed-end**	10.3	–1.2	12.9	42	–12	NA	1.07
		Calvert Fund–Income/Calvert	—*	6.7	8.6	31	47	4.50	*1.14*
		Cardinal Government Guaranteed/Cardinal	—*	8.7	9.6	116	–6	4.75	0.75
		Cigna High Income Shares/closed-end	—*	–14.0	15.9	178	–22	NA	1.08
B	B	**Cigna High Yield Fund/Cigna Mutual**	11.7	–2.9	14.1	250	–17	5.00	*0.99*
A	C	**Cigna Income Fund/Cigna Mutual**	11.6	4.8	9.3	223	0	5.00	*0.96*
C	B	**Circle Income Shares/closed-end**	11.0	6.5	9.8	32	–3	NA	0.98
B	C	**CNA Income Shares/closed-end**	11.4	0.9	12.2	76	–8	NA	0.88
		Colonial Government Secs Plus/Colonial	—*	5.6	8.6	2,366	–14	6.75	*1.16*
D	A	**Colonial High Yield Securities/Colonial**	10.6	–4.3	15.1	323	–29	4.75	*1.21*
C	D	**Colonial Income Trust/Colonial**	10.1	2.5	10.3	152	–7	4.75	*1.15*

*Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings/Taxable Bond

Performance			Total return			Assets			
in UP —markets	in DOWN —markets	Fund/distributor	Annual average 6/80 to 6/90	Last 12 months	Yield	6/30/90 ($mil)	% change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	11.5%	6.9%	8.8%				
		Forbes taxable bond fund composite	10.9%	3.0%	10.5%				$1.06
		Columbia Fixed Income Secs/Columbia	—*	7.2%	8.3%	$119	15%	none	$0.74
		Common Sense–Government/Common Sense	—*	5.5	9.1	129	38	6.75%	1.20
C	C	**Composite Income Fund/Murphey Favre**	9.6%	5.2	9.6	70	–49	4.00	*1.05*
		Comstock Partners Strategy Fund/closed-end	—*	1.2	7.5	1,201	–12	NA	0.89
A+	D	**Current Income Shares/closed-end**	12.6	6.5	9.3	44	–3	NA	0.90
		Dean Witter Government Income/closed-end	—*	9.3	9.5	536	–1	NA	0.74
		Dean Witter Govt Secs Plus/Dean Witter	—*	5.9	8.2	1,524	–21	5.00b	*1.51*
D	B	**Dean Witter High Yield Secs/Dean Witter**	7.3	-22.1	19.4	771	–61	5.50	0.55
		Dean Witter Intermediate Inc/Dean Witter	—*	4.4	9.0	116	328	5.00b	*1.42p*
		Dean Witter US Govt Securities/Dean Witter	—*	7.7	9.6	9,888	–2	5.00b	*1.19*
B	C	**Delaware Group Delchester H-Y-I/Delaware**	10.5	–4.9	14.4	524	–24	6.75	0.86
		Delaware Group Govt–Govt Inc/Delaware	—*	7.2	8.8	148	5	4.75	*1.16*
		Delaware Group Treasury–Inv/Delaware	—*	8.1	8.5	112	3	none	*0.97*
C	B	**Dreyfus A Bonds Plus/Dreyfus**	11.2	4.2	8.6	319	9	none	0.86
		Dreyfus GNMA Fund/Dreyfus	—*	8.4	9.0	1,528	–6	none	*0.97*
		Dreyfus Strategic Govt Income/closed-end	—*	9.3	10.0	158	–1	NA	0.86
		Eaton Vance Government Oblig/Eaton Vance	—*	8.3	9.9	284	–7	4.75	*1.22*
A+	F	**1838 Bond-Debenture Trading/closed-end**	12.6	6.7	9.0	53	–2	NA	1.16
		Equitec Siebel US Govt Secs/Equitec	—*	7.5	9.8	424	41	5.00b	*2.00*
B	F	**Excelsior Income Shares/closed-end**	9.9	6.9	6.1	39	1	NA	1.03
•B	•C	**Federated GNMA Trust/Federated**	—*	8.3	9.1	1,331	–16	none	0.53
D	C	**Federated High Income Securities/Federated**	10.0	–4.4	14.8	288	–25	4.50	*1.02p*
		Federated High Yield Trust/Federated	—*	–4.5	15.4	129	–41	none	0.78p
•B	•B	**Federated Income Trust/Federated**	—*	9.1	9.2	974	–12	none	0.50
		Federated Intermediate Govt/Federated	—*	7.2	8.0	894	–23	none	0.51
		Federated Short-Intermed Govt/Federated	—*	7.9	8.3	1,496	–25	none	0.48
B	D	**Fidelity Flexible Bond Fund/Fidelity**	10.1	6.3	8.8	390	8	none	0.70
		Fidelity Ginnie Mae/Fidelity	—*	8.1	8.2	634	–1	none	0.83
D	B	**Fidelity Government Securities/Fidelity**	10.3	7.1	8.6	485	–13	none	0.73
C	A	**Fidelity High Income Fund/Fidelity**	11.7	–7.8	13.7	1,193	–40	none	0.81
D	A	**Fidelity Intermediate Bond Fund/Fidelity**	11.4	6.6	8.5	698	24	none	0.72
		Fidelity Mortgage Securities/Fidelity	—*	8.3	8.1	385	–10	none	0.80
		Fidelity Short-Term Bond/Fidelity	—*	7.7	8.3	203	–10	none	0.83
		Fidelity Spartan Government Fund/Fidelity	—*	8.1	9.0	331	522	none	0.16p
		Fidelity Spartan Ltd Mat Govt[1]/Fidelity	—*	7.5	8.2	134	7	none	0.80
C	C	**Financial Bond Shs–Select Inc/Financial Prog**	10.4	5.7	9.9	33	4	none	0.99

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Formerly Fidelity Short Term Government.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings/Taxable Bond

Performance			Total return			Assets			
in UP —markets	in DOWN —	Fund/distributor	Annual average 6/80 to 6/90	Last 12 months	Yield	6/30/90 ($mil)	% change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	11.5%	6.9%	8.8%				
		Forbes taxable bond fund composite	10.9%	3.0%	10.5%				$1.06
		First Boston Income Fund/closed-end	—*	1.2%	11.4%	$192	–9%	NA	$0.94
F	B	First Investors Fund for Income/First Inv	7.0%	–11.0	15.4	982	–42	6.90%	*1.02*
		First Investors Government Fund/First Inv	—*	7.6	8.8	232	–2	6.90	*1.01p*
		First Investors High Yield Fund[1]/First Inv	—*	–11.5	15.2	648	–12	6.90	*1.23*
		First Trust–US Government/Brown & Assoc	—*	8.6	8.8	217	–11	4.50	*0.89*
		Flag Inv Total Return US Treas[2]/Brown	—*	4.6	9.2	322	77	4.50	*0.88*
A+	F	Fort Dearborn Income Securities/closed-end	12.2	5.8	9.1	103	–3	NA	0.80
C	B	FPA New Income Fund/Angeles Secs	11.5	5.6	8.0	35	82	4.50	1.08
		Franklin Adjustable US Govt Secs/Franklin	—*	10.4	10.7	316	683	4.00	*0.39p*
D	B	Franklin AGE High Income Fund/Franklin	9.6	–6.7	16.6	1,712	–26	4.00	0.57
		Franklin Principal Maturity Trust/closed-end	—*	–2.2	13.3	165	–14	NA	3.60
B	D	Franklin US Government Secs/Franklin	10.2	8.6	10.1	11,253	–2	4.00	0.53
		Franklin Universal Trust/closed-end	—*	–6.4	14.9	206	–18	NA	5.23
		Freedom Inv–Govt Income[3]/Freedom	—*	8.0	7.9	136	–8	3.00b	*1.35*
B	D	Fund for US Govt Securities/Federated	10.3	7.6	9.3	1,048	–2	4.50	*0.96p*
		Government Income Securities/Federated	—*	7.4	10.2	1,281	–11	1.75b	0.90
		GT Investment–Global Govt Inc/GT Global	—*	9.3	11.5	201	110	4.75	*1.74*
B	D	John Hancock Bond Trust/Hancock	11.0	6.7	9.9	1,110	–2	4.50	*1.31*
A	D	John Hancock Income Securities/closed-end	11.9	6.7	9.6	147	–2	NA	0.71
B	B	John Hancock Investors Trust/closed-end	12.2	5.7	9.7	144	–3	NA	0.71
		John Hancock US Govt Guar Mort/Hancock	—*	7.9	8.9	314	–13	4.50	*1.15*
D	B	John Hancock US Govt Securities/Hancock	9.6	6.6	9.4	178	–4	4.50	*1.55*
B	C	Hatteras Income Securities/closed-end	11.7	4.4	10.5	48	–5	NA	0.98
		High Income Advantage Trust/closed-end	—*	–20.4	21.1	181	–33	NA	0.98
		High Income Advantage Trust II/closed-end	—*	–16.1	19.0	245	–29	NA	0.89
•C	•D	Home Investors Govt Guar Inc/SunAmerica	—*	7.7	8.0	136	–17	5.00b	*1.92*
B	D	IAI Bond Fund/IAI Funds	10.4	5.3	7.1	89	34	none	0.90
A	C	IDS Bond Fund/IDS	11.8	2.1	8.8	1,779	–1	5.00	0.75
		IDS Extra Income Fund/IDS	—*	–10.4	13.1	982	–26	5.00	0.82
		IDS Federal Income Fund/IDS	—*	8.4	8.5	234	28	5.00	0.82
A	D	IDS Selective Fund/IDS	11.9	4.8	8.1	1,194	7	5.00	0.77
		IDS Strategy–Income/IDS	—*	3.2	7.4	242	26	5.00b	*1.72*
A	D	INA Investment Securities/closed-end	11.0	5.1	9.4	84	–4	NA	1.03
A	F	Independence Square Income Secs/closed-end	11.3	2.2	9.3	30	–7	NA	0.97
A	C	InterCapital Income Securities/closed-end	12.0	3.1	11.7	209	–5	NA	0.71
		Intermediate Bond Fund of Am/American Funds	—*	6.4	9.3	135	43	4.75	*0.88p*

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Distributor table, page 248. Rules, page 176.

Performance in UP markets	Performance in DOWN markets	Fund/distributor	Total return: Annual average 6/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	11.5%	6.9%	8.8%				
		Forbes taxable bond fund composite	10.9%	3.0%	10.5%				$1.06
		Investment Port–Diversified Inc/Kemper	—*	2.6%	13.5%	$279	–27%	5.00%b	*$2.16*
		Investment Port–Government[1]/Kemper	—*	4.7	9.3	5,189	–15	5.00b	*1.97*
		Investment Port–High Yield/Kemper	—*	–7.2	13.8	707	–17	5.00b	*2.11*
F	A+	**Kemper Diversified Income Fund/Kemper**	9.2%	2.0	14.4	238	–28	4.50	0.96
		Kemper High Income Trust/closed-end	—*	–11.6	15.8	166	–21	NA	1.93
B	A	**Kemper High Yield Fund/Kemper**	13.0	–3.8	14.6	1,454	–9	4.50	0.71
B	C	**Kemper Income & Capital Preserv/Kemper**	10.9	4.5	10.4	414	12	4.50	0.66
		Kemper Intermediate Govt/closed-end	—*	5.6	11.1	288	–4	NA	0.95
		Kemper Multi-Market Income/closed-end	—*	2.1	14.1	196	–11	NA	0.94
C	D	**Kemper US Government Secs/Kemper**	10.2	6.5	9.9	4,571	5	4.50	0.48
B	D	**Keystone Custodian B-1/Keystone**	10.2	5.8	8.5	455	7	4.00b	*1.93*
C	C	**Keystone Custodian B-2/Keystone**	10.4	–0.2	11.2	915	–7	4.00b	*1.82*
D	A	**Keystone Custodian B-4/Keystone**	8.7	–10.4	17.4	802	–35	4.00b	*1.98*
		Kidder, Peabody Government Inc/Kidder	—*	7.6	8.2	102	–11	4.00	*1.61*
		CJ Lawrence Total Return US Treas[2]/Brown	—*	4.6	9.2	322	77	4.45	*0.88*
C	D	**Lexington GNMA Income Fund/Lexington**	9.3	8.1	8.7	97	2	none	1.03
		Liberty Advantage US Govt Secs/Liberty	—*	8.4	9.5	303	34	4.50	1.10p
C	A+	**Lincoln National Income[3]/closed-end**	13.9	4.7	8.3	68	–3	NA	0.96
		Lomas Mortgage Securities Fund/closed-end	—*	9.8	10.8	327	–1	NA	1.10
D	A	**Lord Abbett Bond-Debenture/Lord Abbett**	10.7	0.6	12.0	594	–17	4.75	*0.59*
C	B	**Lord Abbett US Govt Secs/Lord Abbett**	11.8	7.2	10.6	1,386	20	4.75	*0.88*
		Lutheran Brotherhood High Yield/Lutheran	—*	–8.6	14.0	155	4	5.00	1.19
A	C	**Lutheran Brotherhood Income/Lutheran**	12.7	4.5	9.7	733	–1	5.00	1.02
		MainStay–Government Plus[4]/NYLife	—*	3.7	9.7	475	–7	5.00b	*1.85*
		MainStay–Hi Yield Corp Bond[5]/NYLife	—*	–8.6	15.3	202	14	5.00b	*2.12*
A	D	**Mass Financial Bond Fund/Mass Finl**	11.3	7.7	9.0	308	–3	7.25	0.75
D	A	**Mass Financial High Inc–Series I/Mass Finl**	10.5	–9.6	16.2	538	–34	7.25	0.87
D	A+	**MassMutual Corporate Investors/closed-end**	15.0	1.1	8.6	124	–9	NA	1.39
D	A	**Merrill Lynch Corp–High Income#/ML Funds**	11.0	4.1	13.6	706	–11	4.00	0.68
B	•D	**Merrill Lynch Corp–High Quality#/ML Funds**	—*	6.5	8.7	492	47	4.00	0.61
C	•C	**Merrill Lynch Corp–Intermed/ML Funds**	—*	7.4	8.8	88	2	2.00	0.71
		Merrill Lynch Federal Securities/ML Funds	—*	9.3	9.1	2,425	–15	4.00	*0.74*
		Merrill Lynch Retire/Income/ML Funds	—*	8.7	8.3	1,647	–5	4.00b	*1.40*
		MetLife-State Street Govt Inc/MetLife	—*	6.9	8.5	983	–23	none	*1.03*
		MetLife-State Street High Income/MetLife	—*	–5.8	14.9	181	69	4.50	*1.25p*
		MFS Government Guar Secs/Mass Finl	—*	6.1	8.6	327	–8	4.75	*1.29*

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Distributor table, page 248. Rules, page 176.

Annual Fund Ratings/Taxable Bond

Performance in UP markets	**Performance** in DOWN markets	Fund/distributor	Total return: Annual average 6/80 to 6/90	Total return: Last 12 months	Yield	Assets 6/30/90 ($mil)	Assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	11.5%	6.9%	8.8%				
		Forbes taxable bond fund composite	10.9%	3.0%	10.5%				$1.06
		MFS Government Income Plus¹/Mass Finl	—*	4.3%	7.1%	$1,207	–9%	4.75%	*$1.39*
		MFS Government Markets Inc/closed-end	—*	9.5	9.0	826	–3	NA	1.08
		MFS Govt Premium Account/Mass Finl	—*	4.4	7.2	396	100	3.75	*1.43p*
		MFS Intermediate Income/closed-end	—*	9.2	8.2	1,715	–3	NA	1.04p
		MFS Lifetime Govt Inc Plus/Mass Finl	—*	4.1	6.5	3,437	1	6.00b	*1.95*
		MFS Lifetime High Income Trust/Mass Finl	—*	–11.4	13.9	126	–16	6.00b	*2.37*
		MFS Multimarket Income Trust/closed-end	—*	9.1	11.0	996	–5	NA	1.19p
		MFS Multimarket Total Return/closed-end	—*	4.0	9.4	134	–6	NA	1.40
D	•B	**Midwest Income–Intermed Govt/MGF**	—*	5.3	7.6	38	–14	1.00	*1.04p*
B	D	**Montgomery Street Income Secs/closed-end**	11.0%	5.8	10.1	144	–5	NA	0.56
D	A	**Mutual of Omaha America/Mutual of Omaha**	9.8	6.3	8.2	52	1	4.75	*1.01*
A	C	**Mutual of Omaha Interest Shares/closed-end**	11.7	6.7	8.9	95	–1	NA	0.85
F	D	**National Bond Fund/National Secs**	6.3	–14.5	16.0	375	–44	4.75	1.05
		National Federal Securities/National Secs	—*	6.9	8.6	430	–26	4.75	0.89
C	D	**Nationwide Bond Fund/Nationwide**	9.7	6.3	9.8	36	0	7.50	0.68
		Neuberger & Berman Ltd Mat Bond/Neuberger	—*	8.2	8.2	117	12	none	0.65p
		New America High Income/closed-end	—*	–26.8	22.5	230	–37	NA	1.31
C	C	**New England Bond Income/New England**	10.2	6.3	8.2	80	11	4.50	*1.18*
		New England Government Secs/New England	—*	4.0	7.9	178	–1	4.50	*1.21*
C	C	**Nicholas Income Fund/Nicholas**	10.1	2.0	11.3	70	–13	none	0.81
C	C	**Northeast Investors Trust/Northeast Inv**	10.6	–5.5	15.4	298	–26	none	0.80
D	B	**Oppenheimer High Yield Fund/Oppenheimer**	9.8	0.8	14.1	651	–25	6.75	0.93
		Oppenheimer Multi Sector Inc/closed-end	—*	6.6	10.5	293	–4	NA	1.03
		Oppenheimer US Government/Oppenheimer	—*	6.4	9.6	266	15	4.75	*1.16*
A	C	**Pacific American Income Shares/closed-end**	12.3	7.2	10.0	100	–3	NA	0.88
		PaineWebber Fixed Inc–GNMA/PaineWebber	—*	8.3	8.7	851	–18	4.25	0.72
		PaineWebber Fixed Inc–Hi Yld/PaineWebber	—*	–6.0	15.2	248	–42	4.25	0.71
		PaineWebber Fixed Inc–Inv Gr/PaineWebber	—*	7.3	8.9	243	–14	4.25	0.65
		PaineWebber Master Income/PaineWebber	—*	2.2	8.3	173	–23	5.00b	*1.91*
		Parkstone Bond Fund/Winsbury	—*	6.9	7.8	316	155	4.50	0.84
		Parkstone Intermediate Govt Oblig/Winsbury	—*	7.0	8.0	100	20	4.50	0.81
		Permanent Port–Treasury Bill/Permanent	—*	7.6	none	124	173	none	*0.54p*
D	•B	**Phoenix High Yield Fund/Phoenix**	—*	–4.8	12.2	104	–34	4.75	0.90
		Pilgrim GNMA Fund/Pilgrim	—*	6.5	9.5	122	–16	4.75	*1.11*
D	A	**Pilgrim High Yield Trust/Pilgrim**	9.5	–3.6	15.0	30	–15	4.75	*1.86*
		Pilgrim Prime Rate Trust²/closed-end	—*	10.4	10.1	1,130	135	NA	1.46p

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Distributor table, page 248. Rules, page 176.

Annual Fund Ratings/Taxable Bond

Performance in UP markets	in DOWN markets	Fund/distributor	Total return Annual average 6/80 to 6/90	Last 12 months	Yield	Assets 6/30/90 ($mil)	% change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	11.5%	6.9%	8.8%				
		Forbes taxable bond fund composite	10.9%	3.0%	10.5%				$1.06
C	B	**Pioneer Bond Fund/Pioneer**	10.4%	6.2%	9.0%	$74	15%	4.50%	$0.90
		T Rowe Price GNMA Fund/Price	—*	8.1	9.1	405	13	none	0.90
		T Rowe Price High Yield Fund/Price	—*	–7.3	14.7	693	–45	none	0.97
D	B	**T Rowe Price New Income Fund/Price**	10.2	6.9	8.7	1,008	4	none	0.86
		T Rowe Price Short-Term Bond/Price	—*	7.6	8.2	209	–3	none	0.95
		Prospect Street High Income Port/closed-end	—*	–31.6	24.0	153	–22	NA	2.25
A+	D	**ProvidentMut US Govt Fund for Inc/Provident**	21.7	5.5	7.8	55	329	4.50	*1.57*
•C	•C	**Pru-Bache GNMA Fund#/Pru-Bache**	—*	6.1	7.7	220	–2	4.50	*1.13*
		Pru-Bache Govt Plus#/Pru-Bache	—*	6.1	7.6	3,585	–6	4.50	*0.92*
•C	•B	**Pru-Bache Govt Secs–Intermediate/Pru-Bache**	—*	5.7	8.5	343	–20	none	*0.86*
D	B	**Pru-Bache High Yield Fund#/Pru-Bache**	9.5	–7.1	14.0	2,092	–27	4.50	*0.86*
		Pru-Bache US Government[1]#/Pru-Bache	—*	3.5	7.1	179	3	4.50	*0.97*
		Prudential Intermediate Income/closed-end	—*	5.3	8.1	436	–6	NA	1.07
		Prudential Strategic Income/closed-end	—*	–1.8	10.9	521	–13	NA	1.03
		Putnam Diversified Income Trust/Putnam	—*	3.9	10.1	126	42	4.75	*1.25p*
		Putnam GNMA Plus Trust/Putnam	—*	7.6	8.3	866	–19	4.75	*1.09*
		Putnam High Income Govt/Putnam	—*	5.2	8.3	6,743	–19	6.75	*0.91*
C	B	**Putnam High Yield Trust/Putnam**	10.8	–6.6	16.0	1,739	–30	6.75	*0.72*
		Putnam High Yield Trust II/Putnam	—*	–9.0	16.0	318	–27	6.75	*1.23*
B	C	**Putnam Income Fund/Putnam**	11.6	4.7	10.2	431	13	4.75	*0.80*
		Putnam Intermediate Govt Inc/closed-end	—*	8.5	8.0	557	0	NA	1.00
		Putnam Master Income Trust/closed-end	—*	1.3	10.3	454	–10	NA	1.06
		Putnam Master Intermediate Inc/closed-end	—*	–1.1	11.1	317	–12	NA	1.04
		Putnam Premier Income Trust/closed-end	—*	1.9	9.6	1,150	–10	NA	0.99
		Putnam US Govt Guaranteed Secs/Putnam	—*	8.1	9.9	1,529	11	4.75	*0.65*
		RAC Income Fund/closed-end	—*	10.6	11.4	112	0	NA	1.26
•D	•D	**RPF of America–Bond Fund/Venture**	—*	5.2	9.7	58	–12	5.00b	*2.48*
		Scudder GNMA Fund/Scudder	—*	8.1	8.7	252	–1	none	1.05
B	C	**Scudder Income Fund/Scudder**	11.0	7.1	8.0	276	5	none	0.96
		Scudder Short Term Bond Fund/Scudder	—*	9.3	8.9	188	NM	none	0.36p
D	A	**Security Income–Corporate Bond/Security**	10.8	6.5	9.6	57	3	4.75	*1.08*
C	C	**Sentinel Bond Fund/Equity**	10.5	6.3	8.8	35	25	5.25	0.84
D	•A	**SLH High Yield Fund/Shearson**	—*	–8.0	17.0	280	–45	5.00	0.79
		SLH Income–High Income/Shearson	—*	–9.8	15.4	321	–47	5.00b	*1.65*
		SLH Income–Mortgage/Shearson	—*	7.3	8.4	645	880	5.00b	*1.62*
		SLH Investment–Govt Secs/Shearson	—*	6.5	8.3	1,691	–29	5.00b	*1.48p*
		SLH Investment–High Grade/Shearson	—*	4.3	8.2	440	–13	5.00b	*1.57p*

•Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. #Fund has two share classes, one with large 12b-1 fee and back-end load and the other with small 12b-1 fee and front-end load. Results shown are for front-loaded shares. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. NM: Not meaningful. [1]Formerly Pru-Bache Government Plus II.

Distributor table, page 248. Rules, page 176.

Performance

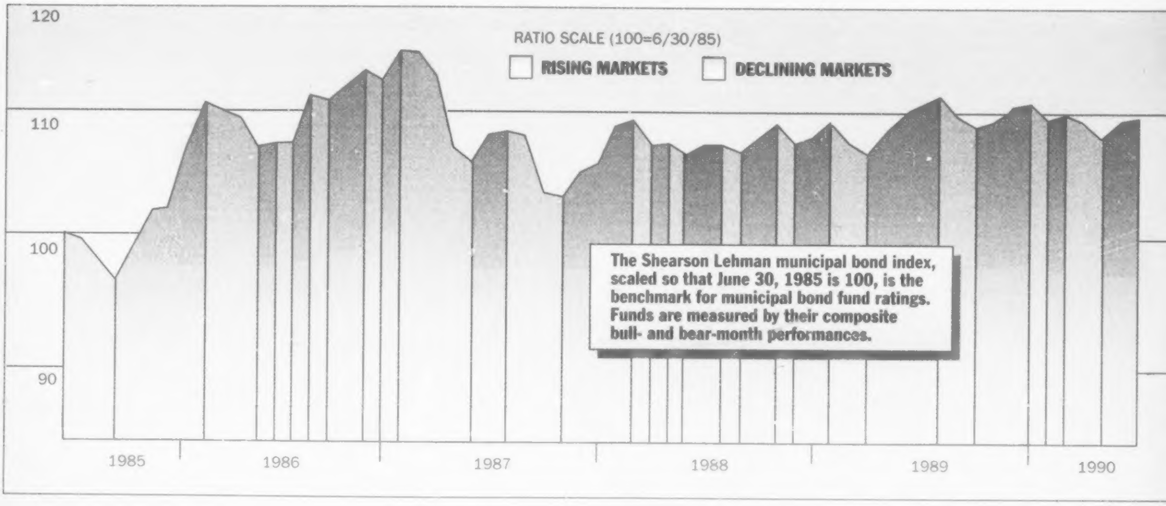
in UP markets	in DOWN markets	Fund/distributor	Total return: Annual average 6/80 to 6/90	Total return: Last 12 months	Yield	Assets: 6/30/90 ($mil)	Assets: % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Merrill Lynch corporate/govt bond index	11.5%	6.9%	8.8%				
		Forbes taxable bond fund composite	10.9%	3.0%	10.5%				$1.06
		SLH Managed Governments/Shearson	—*	8.7%	9.1%	$514	–17%	5.00%	$0.83
		Smith Barney–US Government/Smith Barney	—*	8.4	9.3	336	2	4.00	0.40
C	B	**State Mutual Securities Trust/closed-end**	11.3%	7.2	10.2	89	–2	NA	0.80
C	D	**SteinRoe Intermediate Bond/Stein Roe**	10.1	5.4	8.5	161	–2	none	0.74
		Strong Advantage Fund/Strong	—*	6.6	9.4	138	165	none	1.22
		Strong Income Fund/Strong	—*	–11.0	13.8	126	–50	none	1.38
		Thomson McKinnon–Income/Thomson	—*	2.8	10.9	394	–37	5.00b	*1.60*
		Thomson McKinnon–US Govt/Thomson	—*	5.2	8.9	479	–24	5.00b	*1.70*
		Transamerica Government Secs[1]/Transamerica	—*	4.8	11.1	841	–25	4.75	*1.09*
A	D	**Transamerica Income Shares/closed-end**	13.2	7.3	9.6	119	–2	NA	0.71
B	●D	**Transamerica Inv Quality Bond/Transamerica**	—*	4.9	10.1	86	–20	4.75	*1.18*
●D	●A	**20th Century US Governments/20th Century**	—*	5.8	8.7	435	2	none	1.00
		UMB Bond Fund/Jones & Babson	—*	8.1	7.5	34	19	none	0.88
A	D	**United Bond Fund/Waddell**	11.6	2.8	9.1	422	14	8.50	0.64
		United Government Securities/Waddell	—*	6.1	8.5	105	–6	4.25	0.78
D	B	**United High Income Fund/Waddell**	9.0	–13.9	16.4	882	–29	†	0.74
		United High Income Fund II/Waddell	—*	–7.6	12.4	278	–14	8.50	0.86
●A	●C	**USAA Mutual–Income Fund/USAA**	—*	7.8	9.0	418	31	none	0.57
B	C	**USLife Income Fund/closed-end**	10.9	–1.1	10.7	47	–11	NA	1.37
B	●C	**Value Line US Government Secs/Value Line**	—*	8.2	8.9	257	4	none	0.67
		Van Kampen Merritt Intermed Hi Inc/closed-end	—*	–12.8	18.1	176	–15	NA	1.56
		Van Kampen Merritt Hi Yield/Van Kampen	—*	–10.8	16.1	220	–38	4.90	*1.28*
		Van Kampen Merritt Ltd High Inc/closed-end	—*	–12.1	17.0	128	–15	NA	1.57
		Van Kampen Merritt US Govt/Van Kampen	—*	8.7	9.8	3,363	–8	4.90	*0.65*
		Vanguard Bond Market Fund/Vanguard	—*	7.6	8.9	171	72	none[2]	0.24
B	●C	**Vanguard Fixed Income–GNMA/Vanguard**	—*	8.9	9.1	2,318	16	none	0.31
C	B	**Vanguard Fixed Income–High Yld/Vanguard**	11.3	–1.0	13.3	905	–29	none	0.38
B	C	**Vanguard Fixed Income–Inv Gr/Vanguard**	11.3	6.0	9.0	1,082	31	none	0.34
●C	●A	**Vanguard Fixed Income–S-T/Vanguard**	—*	8.4	8.6	668	27	none	0.28
		Vanguard Fixed Inc–S-T Govt/Vanguard	—*	7.9	8.3	260	46	none	0.28
		Vanguard Fixed Inc–US Treas/Vanguard	—*	3.3	8.1	528	71	none	0.28
A–	C	**Vanguard Preferred Stock Fund/Vanguard**	11.8	8.2	8.9	61	–16	none	0.66
F	A+	**Venture Income (+) Plus/Venture**	8.8	–10.1	19.9	29	–45	4.75	*1.52*
A+	D	**Vestaur Securities/closed-end**	13.0	5.2	8.8	88	–4	NA	1.00
		WPG Government Securities Fund/Weiss	—*	7.7	8.3	105	26	none	0.75
		Zenix Income Fund[3]/closed-end	—*	–13.5	17.3	135	–20	NA	2.32
		Zweig Series–Govt Secs[4]/Zweig	—*	1.6	8.1	111	–25	4.75	*1.34*

●Fund rated for two periods only; maximum allowable grade A. *Fund not in operation for full period. †Closed to new investors. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. NA: Not applicable or not available. [1] Formerly Transamerica Bond–US Government High Yield. [2] Annual $10 maintenance fee. [3] Formerly Zenith Income Fund. [4] Formerly Drexel Series–Government Securities.

Distributor table, page 248. Rules, page 176.

Municipal bond funds

We rate tax-exempt bond funds over the five-year period from June 30, 1985 to June 30, 1990. Our benchmark is the Shearson Lehman municipal bond index. Each month in the period is pegged as bearish or bullish, according to the performance of the Shearson index. For each rated fund a composite bull market performance is calculated, and the funds are awarded grades on the curve. Ditto for the down market calculation. Some adjustment is made to compensate one-state municipal bond funds for their handicap in buying only local bonds. In general, a short-term fund can be expected to get an A or B in down markets and a D or F in up markets. The reverse is true for long-term funds.



The Shearson Lehman municipal bond index, scaled so that June 30, 1985 is 100, is the benchmark for municipal bond fund ratings. Funds are measured by their composite bull- and bear-month performances.

Performance in UP —markets—	**Performance** in DOWN —markets—	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		5.5%	6.8%				$0.78
C	C	**AARP Insured T-F Inc–Genl Bond/Scudder**	11/84	5.2%	6.3%	$727	47%	none	$0.82
		Alliance Muni Income–CA/Alliance	12/86	6.6	7.1	135	98	4.50%	*0.38p*
		Alliance Muni Income–Ins CA/Alliance	11/85	5.1	6.5	57	24	4.50	*0.69p*
		Alliance Muni Income–Ins Natl/Alliance	12/86	5.5	6.6	116	7	4.50	*0.88p*
		Alliance Muni Income–Natl/Alliance	12/86	6.5	7.2	182	62	4.50	*0.34p*
		Alliance Muni Income–NY/Alliance	12/86	6.4	7.2	115	97	4.50	*0.34p*
		Allstate Muni Income/closed-end	9/87	5.5	7.7	332	-1	NA	0.76
		Allstate Muni Income II/closed-end	5/88	6.4	7.5	283	0	NA	0.87
		Allstate Muni Income Oppor/closed-end	9/88	8.7	8.9	199	3	NA	1.10
		Allstate Muni Income Oppor II/closed-end	6/89	7.6	6.7	192	3	NA	1.08
		Allstate Muni Premium Income/closed-end	1/89	5.9	7.4	368	47	NA	1.02
A	D	**American Capital Muni Bond/American Cap**	11/76	5.5	7.0	246	4	4.75	*0.71*

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 248. Rules, page 176.

Performance in UP —markets—	**Performance** in DOWN —markets—	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		5.5%	6.8%				$0.78
		American Capital T-E–Hi Yld/American Cap	1/86	6.4%	8.2%	$225	–4%	4.75%	*$0.85p*
		American Funds Tax-Ex I–Md/American Funds	8/86	5.3	5.9	30	3	4.75	*0.98p*
		American Funds Tax-Ex I–Va/American Funds	8/86	5.6	6.0	33	12	4.75	*0.98p*
		American Funds T-E II–Calif/American Funds	10/86	4.6	5.9	83	27	4.75	*1.00*
		AMEV Tax-Free Fund–Minnesota/AMEV	6/86	5.3	6.8	26	29	4.50	0.98
		Benham Calif Tax-Free–High Yield/Benham	1/87	6.8	7.2	48	62	none	0.01p
		Benham Calif Tax-Free–Insured/Benham	1/87	4.5	6.3	58	41	none	0.65
D	A	**Benham Calif Tax-Free–Intermed/Benham**	11/83	6.6	6.1	189	11	none	0.60
B	D	**Benham Calif Tax-Free–L-T/Benham**	11/83	5.3	6.7	202	14	none	0.58
		Bernstein Diversified Muni/Bernstein	1/89	5.7	5.9	166	78	none	0.79
		Bernstein New York Muni/Bernstein	1/89	5.4	6.0	146	60	none	0.78
D	B	**California Tax-Exempt Bonds/National Secs**	5/83	5.9	7.0	110	2	4.75	0.66
		California Tax-Free Income/California Inv	12/85	6.6	7.3	86	43	none	0.60p
F	A+	**Calvert Tax-Free Reserves–Limited/Calvert**	4/81	6.5	6.3	131	–1	2.00	0.78
		Churchill T-F Fund of Kentucky/Aquila	5/87	6.7	6.8	50	96	4.00	0.08p
A+	F	**Cigna Municipal Bond Fund/Cigna Mutual**	3/77	5.1	7.0	259	1	5.00	*0.89*
		Colonial California Tax-Exempt/Colonial	6/86	5.7	7.0	206	37	4.75	0.70p
		Colonial High Income Municipal/closed-end	2/89	5.9	8.5	279	–2	NA	0.90
		Colonial Investment Grade Muni/closed-end	5/89	7.4	8.7	126	–2	NA	0.83p
		Colonial Massachusetts Tax-Ex/Colonial	4/87	5.5	7.4	60	104	4.75	*0.45p*
		Colonial Municipal Income Trust/closed-end	3/87	2.7	8.8	223	–5	NA	0.87
		Colonial New York Tax-Exempt/Colonial	9/86	4.8	6.7	26	5	4.75	1.46p
		Colonial Ohio Tax-Exempt Trust/Colonial	9/86	5.5	6.8	32	16	4.75	1.27p
D	A	**Colonial Tax-Exempt Fund[1]/Colonial**	11/78	5.6	7.7	1,716	14	4.75	*1.03*
		Colonial Tax-Exempt Insured/Colonial	12/85	5.7	6.7	131	11	4.75	*1.11*
C	C	**Columbia Municipal Bond Fund/Columbia**	7/84	5.0	6.5	192	24	none	0.60
D	B	**Composite Tax-Exempt Bond/Murphey Favre**	1/77	4.9	6.1	106	5	4.00	*0.80*
A	D	**Dean Witter Calif Tax-Free Inc/Dean Witter**	7/84	5.4	5.9	629	27	5.00b	*1.32*
B	D	**Dean Witter NY Tax-Free Inc/Dean Witter**	4/85	4.0	6.2	153	10	5.00b	*1.37*
B	B	**Dean Witter Tax-Exempt Secs/Dean Witter**	3/80	5.2	7.3	1,026	6	4.00	0.51
C	A	**Delaware Group Tax-Free–USA/Delaware**	1/84	3.6	7.3	614	20	4.75	0.75
C	B	**DMC Tax-Free Income Trust–PA/Delaware**	3/77	5.1	7.1	635	–6	4.75	0.73
		Dreyfus California Municipal Inc/closed-end	10/88	5.8	6.2	41	0	NA	0.98
D	B	**Dreyfus California Tax-Ex Bond/Dreyfus**	7/83	5.7	7.1	1,512	7	none	0.70
C	C	**Dreyfus Insured Tax-Ex Bond/Dreyfus**	6/85	5.3	6.6	198	4	none	*0.99*
D	A	**Dreyfus Intermediate Tax-Ex Bond/Dreyfus**	8/83	6.3	7.0	1,119	4	none	0.70p

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly Colonial Tax Exempt–High Yield Fund.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance				Latest 12 months		Total assets			
in UP —markets—	in DOWN	Fund/distributor	Date started	total return	return from income dividends	6/30/90 ($mil)	% change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		5.5%	6.8%				$0.78
D	C	**Dreyfus Mass Tax-Ex Bond/Dreyfus**	6/85	5.5%	7.0%	$110	10%	none	$0.83p
		Dreyfus Municipal Income/closed-end	10/88	5.6	6.8	178	0	NA	0.83
		Dreyfus NJ Tax-Exempt Bond/Dreyfus	11/87	6.3	6.7	302	36	none	*0.82p*
		Dreyfus NY Insured T-E Bond/Dreyfus	2/87	4.2	6.7	84	47	none	*0.50p*
		Dreyfus NY Municipal Income/closed-end	10/88	4.9	6.4	33	0	NA	1.05
C	C	**Dreyfus NY Tax-Exempt Bond/Dreyfus**	7/83	5.1	7.1	1,690	1	none	0.70
		Dreyfus NY T-E Intermed Bond/Dreyfus	6/87	5.7	6.7	95	52	none	*0.30p*
		Dreyfus Strategic Municipals/closed-end	9/87	6.4	7.6	485	2	NA	0.89
C	B	**Dreyfus Tax-Exempt Bond Fund/Dreyfus**	10/76	5.9	7.2	3,775	4	none	0.67p
		Dupree–Kentucky T-F Income/Dupree	7/79	7.1	6.8	88	20	none	0.76p
		Eaton Vance California Munis/Eaton Vance	12/85	4.7	6.7	279	11	6.00%b	*1.97*
		Eaton Vance High Yield Munis/Eaton Vance	12/85	3.3	7.8	1,068	11	6.00b	*1.91*
B	B	**Federated Tax-Free Income Fund/Federated**	10/76	5.3	6.8	507	8	4.50	*0.90*
C	C	**Fidelity Calif Tax-Free–High Yield/Fidelity**	7/84	5.5	6.7	522	–2	none	0.60
		Fidelity Calif Tax-Free–Insured/Fidelity	9/86	4.6	6.4	92	20	none	0.75
		Fidelity Conn Muni–High Yield[1]/Fidelity	10/87	5.2	6.4	230	62	none	0.62
D	B	**Fidelity Mass Tax-Free–High Yield/Fidelity**	11/83	5.9	7.2	713	10	none	0.57
		Fidelity NJ Tax-Free Hi Yield/Fidelity	11/88	5.4	6.5	196	48	none	0.56p
C	C	**Fidelity NY Tax-Free–High Yield/Fidelity**	7/84	5.0	6.9	390	0	none	0.61
		Fidelity NY Tax-Free–Insured/Fidelity	10/85	5.2	6.5	216	15	none	0.65
		Fidelity Spartan Penn Muni–High Yld[2]/Fidelity	8/86	5.3	7.0	123	44	none	0.78p
		Fidelity State T-F–Michigan High Yld[3]/Fidelity	11/85	4.4	6.9	264	29	none	0.69
		Fidelity State T-F–Minnesota High Yld[4]/Fidelity	11/85	5.4	6.7	151	31	none	0.80
		Fidelity State T-F–Ohio High Yld[5]/Fidelity	11/85	5.3	6.8	219	20	none	0.71
		Fidelity Tax-Free–Aggressive/Fidelity	9/85	5.7	7.6	546	3	none§	0.69
B	C	**Fidelity Tax-Free–High Yield/Fidelity**	12/77	6.0	7.0	1,716	0	none	0.58
		Fidelity Tax-Free–Insured/Fidelity	11/85	5.2	6.5	186	14	none	0.70
D	B	**Fidelity Tax-Free–Ltd Term Munis/Fidelity**	4/77	5.5	6.6	431	1	none	0.66p
B	C	**Fidelity Tax-Free–Municipal Bond/Fidelity**	8/76	5.6	6.8	1,039	2	none	0.50
A+	F	**Financial Tax-Free Income Shs/Financial Prog**	8/81	5.1	6.6	179	25	none	0.74
D	A	**First Investors Insured T-E/First Inv**	8/77	5.1	7.2	1,109	7	6.90	*1.01*
		First Investors M-S Ins T-F–NJ/First Inv	9/88	5.1	6.6	25	170	6.90	*0.03p*
D	B	**First Investors NY Ins Tax-Free/First Inv**	6/84	4.0	6.5	155	12	6.90	*1.14*
		Flagship Tax-Ex–Arizona Double/Flagship	11/86	4.9	6.6	32	7	4.20	*0.85*
		Flagship Tax-Ex–Conn Double/Flagship	7/87	5.0	6.6	76	45	4.20	*0.60*
		Flagship Tax-Ex–Georgia Double/Flagship	4/86	4.4	6.7	36	0	4.20	*0.84p*

§Distributor may impose redemption fee whose proceeds revert to the fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1]Formerly Fidelity Connecticut Tax Free Fund. [2]Formerly Fidelity Pennsylvania Tax Free–High Yield fund. [3]Formerly Fidelity State Tax-Free Michigan. [4]Formerly Fidelity State Tax Free Minnesota. [5]Formerly Fidelity State Tax Free Ohio.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP —markets—	Performance in DOWN —markets—	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		5.5%	6.8%				$0.78
		Flagship Tax-Ex–Kentucky Triple/Flagship	5/87	6.0%	6.8%	$113	53%	4.20%	*$0.75*
A	D	**Flagship Tax-Ex–Mich Triple/Flagship**	6/85	5.4	6.6	106	21	4.20	*0.95*
		Flagship Tax-Ex–NC Triple/Flagship	4/86	4.9	6.4	96	9	4.20	*0.94*
B	C	**Flagship Tax-Ex–Ohio Double/Flagship**	6/85	5.3	6.6	235	17	4.20	*0.96*
		Flagship Tax-Ex–Penn Triple/Flagship	11/86	4.3	6.7	36	1	4.20	*0.92*
		Flagship Tax-Ex–Tenn Double/Flagship	11/87	4.8	6.7	75	17	4.20	*0.78*
		Flagship Tax-Ex–Va Double/Flagship	4/86	5.8	6.6	43	12	4.20	*0.91*
		Franklin Alabama Tax-Free Income/Franklin	9/87	5.6	7.2	31	152	4.00	0.42
		Franklin Arizona Tax-Free Income/Franklin	9/87	5.9	7.3	273	132	4.00	0.68
		Franklin Calif Insured T-F Income/Franklin	9/85	5.9	6.6	307	24	4.00	0.57
D	A	**Franklin Calif Tax-Free Income/Franklin**	2/77	6.5	7.4	10,920	13	4.00	0.49
		Franklin Colorado Tax-Free Income/Franklin	9/87	6.2	7.1	48	133	4.00	0.56p
		Franklin Conn Tax-Free Income/Franklin	10/88	5.7	6.6	31	214	4.00	0.36p
C	C	**Franklin Federal Tax-Free Income/Franklin**	9/83	5.9	7.5	3,995	6	4.00	0.50
		Franklin Florida Tax-Free Income/Franklin	9/87	5.9	7.6	425	307	4.00	0.66
		Franklin High Yield Tax-Free Income/Franklin	3/86	6.2	8.3	1,652	45	4.00	0.54
A	D	**Franklin Insured Tax-Free Income/Franklin**	4/85	5.6	7.2	758	20	4.00	0.54
C	D	**Franklin Mass Insured T-F Income/Franklin**	4/85	4.7	6.7	133	13	4.00	0.72
B	D	**Franklin Mich Insured T-F Income/Franklin**	4/85	5.5	6.6	458	13	4.00	0.63
B	D	**Franklin Minn Insured T-F Income/Franklin**	4/85	5.8	6.9	252	22	4.00	0.70
		Franklin Missouri Tax Free Income/Franklin	9/87	6.3	7.0	36	184	4.00	0.40
		Franklin New Jersey Tax-Free Income/Franklin	5/88	5.5	7.3	146	216	4.00	0.73
C	B	**Franklin New York Tax-Free Income/Franklin**	9/82	5.5	7.3	2,945	4	4.00	0.50
		Franklin NC Tax-Free Income/Franklin	9/87	6.2	6.7	33	96	4.00	0.50
B	D	**Franklin Ohio Insured T-F Income/Franklin**	4/85	5.6	6.6	235	10	4.00	0.65
		Franklin Oregon Tax-Free Income/Franklin	9/87	5.1	6.7	90	143	4.00	0.70
		Franklin Pennsylvania T-F Income/Franklin	12/86	5.3	7.5	220	106	4.00	0.73
D	B	**Franklin PR Tax-Free Income/Franklin**	4/85	5.8	6.7	85	–3	4.00	0.70
		Franklin Virginia Tax-Free Income/Franklin	9/87	6.1	7.1	51	138	4.00	0.60
		Freedom Inv–Managed Tax-Ex/Freedom	4/87	5.3	6.8	132	44	3.00b	*0.99p*
D	A	**General NY Municipal Bond/Dreyfus**	11/84	6.2	6.7	87	118	none	*1.32p*
A	D	**General Tax-Exempt Bond Fund/Dreyfus**	3/84	6.1	7.7	186	405	none	*0.28p*
A	C	**John Hancock Tax-Exempt Income/Hancock**	1/77	5.2	6.7	380	1	4.50	*0.94*
D	A	**Hawaiian Tax-Free Trust/Aquila**	2/85	5.6	6.8	349	26	4.00	0.73
		IDS California Tax-Exempt Fund/IDS	8/86	4.9	6.5	142	49	5.00	0.62
B	B	**IDS High Yield Tax-Exempt Fund/IDS**	5/79	5.3	7.4	4,611	5	5.00	0.60

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor.

Distributor table, page 248. Rules, page 176.

Performance in UP —markets—	in DOWN	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		5.5%	6.8%				$0.78
		IDS Insured Tax-Exempt Fund/IDS	8/86	5.8%	6.4%	$133	68%	5.00%	$0.68
		IDS Michigan Tax-Exempt Fund/IDS	7/87	4.1	6.4	29	84	5.00	0.72
		IDS Minnesota Tax-Exempt Fund/IDS	8/86	4.6	6.6	181	49	5.00	0.64
		IDS New York Tax-Exempt Fund/IDS	8/86	5.1	6.5	68	40	5.00	0.64
A	D	**IDS Tax-Exempt Bond Fund/IDS**	11/76	10.8	6.7	1,061	6	5.00	0.61
D	C	**Inv Trust of Boston–Mass T-F/Inv Trust**	4/84	4.2	6.6	54	1	4.25	*1.41p*
C	B	**Kemper California Tax-Free Inc/Kemper**	2/83	5.1	6.7	719	37	4.50	0.61
B	B	**Kemper Municipal Bond Fund/Kemper**	4/76	5.5	7.2	2,085	16	4.50	0.48
		Kemper Municipal Income Trust/closed-end	10/88	3.7	7.8	404	–3	NA	0.62
		Kemper New York Tax-Free Fund/Kemper	12/85	5.6	7.2	166	201	4.50	0.00p
		Kemper Strategic Muni Income/closed-end	3/89	6.6	7.9	115	–1	NA	0.77
		Keystone America Tax-Free Inc/Keystone	4/87	4.9	6.4	153	–9	†	*1.62*
		Keystone Tax-Exempt Trust/Keystone	10/85	4.3	6.7	594	1	4.00b	*1.80*
C	C	**Keystone Tax-Free Fund/Keystone**	1/78	5.6	7.1	871	–5	†	*1.23*
		Landmark NY T-F Income/Landmark	9/86	4.7	5.7	78	6	none	*1.42*
		Limited Term Municipal–Calif/Thornburg	2/87	6.1	6.3	26	108	2.75	*1.00p*
F	A+	**Limited Term Municipal–Natl/Thornburg**	9/84	6.5	6.8	216	18	2.75	*1.11*
		Lord Abbett California T-F Inc/Lord Abbett	9/85	5.8	6.7	106	7	4.75	*0.55p*
B	C	**Lord Abbett Tax-Free–National/Lord Abbett**	4/84	5.8	7.0	322	5	4.75	*0.61*
B	B	**Lord Abbett Tax-Free–New York/Lord Abbett**	4/84	5.3	7.2	182	13	4.75	*0.60*
		Lord Abbett Tax-Free–Texas/Lord Abbett	1/87	6.2	7.1	27	10	4.75	*0.27p*
B	B	**Lutheran Brotherhood Muni Bond/Lutheran**	1/76	5.6	7.2	363	8	5.00	0.86
		MainStay–Tax-Free Bond[1]/NYLife	5/86	2.9	6.5	132	22	5.00b	*1.45*
		Merrill Lynch Calif Muni Bond#/ML Funds	9/85	5.8	6.7	706	5	4.00	0.65
B	B	**Merrill Lynch Muni–Hi Yield#/ML Funds**	11/79	5.5	7.3	1,545	0	4.00	0.55
C	C	**Merrill Lynch Muni–Insured#/ML Funds**	11/77	5.6	7.0	2,428	11	4.00	0.47
F	A+	**Merrill Lynch Muni–Ltd Mat/ML Funds**	11/79	6.1	6.2	352	–9	0.75	0.41
		Merrill Lynch Muni Income#/ML Funds	11/86	5.7	6.4	121	–12	2.00	0.90
		Merrill Lynch NY Muni Bond#/ML Funds	11/85	5.7	6.8	603	–7	4.00	0.67
		MFS Lifetime Mngd Muni Bond/Mass Finl	12/86	4.3	6.0	370	18	6.00b	*2.07*
C	F	**MFS Managed California Muni Bond/Mass Finl**	6/85	5.9	6.3	75	14	4.75	*1.00*
D	A+	**MFS Managed Hi Yield Muni Bond/Mass Finl**	2/84	5.2	8.7	683	47	†	1.02
D	B	**MFS Managed M-S Tax-Ex–Md/Mass Finl**	11/84	5.7	6.4	97	7	4.75	*1.18*
D	B	**MFS Managed M-S Tax-Ex–Mass/Mass Finl**	4/85	5.3	6.8	217	–3	4.75	*1.10*
		MFS Managed M-S Tax-Ex–NY/Mass Finl	5/88	5.1	6.9	28	134	4.75	*0.40p*
C	B	**MFS Managed M-S Tax-Ex–NC/Mass Finl**	11/84	5.4	6.5	196	27	4.75	*1.12*

#Fund has two share classes, one with 12b-1 fee and back-end load and the other with front-end load only. Results shown are for front-loaded shares. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* †Part of integrated financial account. b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available. [1] Formerly MacKay-Shields-MainStay-Tax-Free Bond.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP —markets—	in DOWN	Fund/distributor	Date started	Latest 12 months total return	return from income dividends	Total assets 6/30/90 ($mil)	% change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		5.5%	6.8%				$0.78
D	B	**MFS Managed M-S Tax-Ex–SC/Mass Finl**	11/84	5.5%	6.3%	$65	23%	4.75%	*$1.21*
		MFS Managed M-S Tax-Ex–Tenn/Mass Finl	8/88	5.7	6.6	64	77	4.75	*0.53p*
D	A	**MFS Managed M-S Tax-Ex–Va/Mass Finl**	11/84	6.2	6.7	253	13	4.75	*1.12*
D	A	**MFS Managed M-S Tax-Ex–W Va/Mass Finl**	10/84	5.5	6.6	56	15	4.75	*1.22*
A	C	**MFS Managed Municipal Bond/Mass Finl**	12/76	4.8	6.8	1,396	16	4.75	0.62
		MFS Municipal Income Trust/closed-end	11/86	6.1	8.3	334	–1	NA	1.28
		Muni Bond Funds–California/Smith Barney	4/87	6.1	7.3	84	87	4.00	0.20p
		Muni Bond Funds–National/Smith Barney	9/86	6.5	7.6	173	43	4.00	0.35p
		Muni Bond Funds–New York/Smith Barney	2/87	4.9	7.3	31	117	4.00	0.25p
		Municipal High Income Fund/closed-end	11/88	5.8	8.1	166	2	NA	0.90
		MuniEnhanced Fund/closed-end	3/89	3.4	6.9	458	44	NA	0.66
		MuniVest Fund/closed-end	9/88	4.6	7.5	811	–1	NA	0.67
A	C	**Mutual of Omaha T-F Inc/Mutual of Omaha**	1/77	5.8	6.8	358	3	4.75	*0.63*
A	F	**New England Tax-Exempt Inc/New England**	5/77	5.1	6.6	145	5	4.50	*0.96*
D	F	**New York Muni Fund/Fundamental**	4/81	2.8	6.4	235	–1	none	*1.69*
		Nuveen California Muni Income/closed-end	4/88	6.7	6.8	59	–1	NA	0.74
		Nuveen California Muni Value/closed-end	10/87	6.3	6.6	184	0	NA	0.91
		Nuveen California T-F–Ins Bond/Nuveen	7/86	5.0	6.4	51	45	4.75	0.70
		Nuveen California T-F–Spec Bond/Nuveen	7/86	6.2	6.6	79	51	4.75	0.69
		Nuveen Insured T-F Bond–Natl/Nuveen	12/86	5.7	6.6	132	59	4.75	0.85
		Nuveen Insured T-F Bond–NY/Nuveen	12/86	5.1	6.5	55	120	4.75	0.80
C	B	**Nuveen Municipal Bond Fund/Nuveen**	11/76	6.2	6.8	1,294	18	4.75	0.62
		Nuveen Municipal Value Fund/closed-end	6/87	6.3	7.1	1,612	–1	NA	0.86
		Nuveen New York Muni Income/closed-end	4/88	5.7	7.0	28	–1	NA	0.86
		Nuveen New York Muni Value/closed-end	10/87	4.8	6.7	113	–2	NA	0.98
		Nuveen Performance + Muni/closed-end	6/89	4.7	6.4	1,171	55	NA	0.73
		Nuveen Premium Income Muni/closed-end	7/88	7.0	7.4	1,093	0	NA	0.66
		Nuveen Tax-Free Bond–New York/Nuveen	12/86	5.4	6.7	38	69	4.75	0.75p
		Nuveen Tax-Free Bond–Ohio/Nuveen	12/86	6.6	6.6	50	59	4.75	0.75
		Olympus Tax-Exempt California/Furman Selz	9/87	4.2	6.9	27	–16	4.25	*0.65p*
		Oppenheimer Calif Tax-Ex/Oppenheimer	11/88	6.8	7.0	72	151	4.75	*0.63p*
D	A	**Oppenheimer NY Tax-Ex/Oppenheimer**	8/84	4.8	6.4	243	34	4.75	*0.99p*
C	B	**Oppenheimer Tax-Free Bond/Oppenheimer**	10/76	5.6	7.0	239	16	4.75	*0.82p*
		Overland Express Calif Tax-Free/Overland	10/88	6.1	7.0	131	212	4.50	0.30p
D	B	**Pacific Horizon–Calif T-E Bond/Concord Finl**	3/84	6.0	6.7	104	13	4.50	*0.95p*

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP —markets—	in DOWN	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		5.5%	6.8%				$0.78
		PaineWebber Calif Tax-Ex Inc/PaineWebber	9/85	5.9%	6.8%	$205	7%	4.25%	$0.68
B	C	**PaineWebber Tax-Exempt Inc/PaineWebber**	12/84	5.7	7.2	337	4	4.25	0.62
		Parkstone Muni Bond/Winsbury	10/88	4.6	5.8	100	47	4.50	0.82
		Pierpont Tax-Exempt Bond/TBC	10/84	6.2	6.6	145	13	none	0.80p
		Piper Jaffray Minnesota Tax-Exempt/Piper	7/88	4.8	6.6	62	71	4.00	*0.80p*
		Premier Calif Tax-Exempt Bond/Dreyfus	11/86	7.1	7.3	107	227	4.50	*0.00p*
		Premier NY Tax-Exempt Bond/Dreyfus	12/86	4.9	7.3	27	290	4.50	*0.00p*
		Premier State-Tax-Ex–Conn/Dreyfus	5/87	6.2	7.2	102	145	4.50	*0.00p*
		Premier State-Tax-Ex–Fla/Dreyfus	5/87	7.5	7.4	88	303	4.50	*0.00p*
		Premier State-Tax-Ex–Md/Dreyfus	5/87	6.8	7.2	105	220	4.50	*0.00p*
		Premier State-Tax-Ex–Mass/Dreyfus	5/87	5.9	7.5	48	83	4.50	*0.00p*
		Premier State-Tax-Ex–Mich/Dreyfus	5/87	5.5	7.4	71	392	4.50	*0.00p*
		Premier State-Tax-Ex–Minn/Dreyfus	5/87	6.5	7.4	55	219	4.50	*0.00p*
		Premier State-Tax-Ex–Ohio/Dreyfus	5/87	6.6	7.4	108	164	4.50	*0.00p*
		Premier State-Tax-Ex–Penn/Dreyfus	7/87	7.3	7.5	64	308	4.50	*0.00p*
		Premier Tax-Exempt Bond/Dreyfus	11/86	6.9	7.6	124	225	4.50	*0.00p*
		T Rowe Price Calif Tax-Free Inc–Bond/Price	9/86	4.9	6.2	73	36	none	0.80p
		T Rowe Price Md Tax-Free Bond/Price	3/87	5.3	6.3	233	58	none	0.71
		T Rowe Price NY Tax-Free Bond/Price	8/86	4.4	6.4	50	20	none	0.80p
C	A	**T Rowe Price Tax-Free High Yield/Price**	3/85	6.7	7.4	471	23	none	0.86
C	D	**T Rowe Price Tax-Free Income Fund/Price**	10/76	5.0	6.6	1,131	3	none	0.63
F	A	**T Rowe Price T-F Short-Intermed/Price**	12/83	6.0	5.8	221	4	none	0.74
		ProvidentMutual Penn Tax-Free[1]/Provident	10/86	4.7	5.9	30	6	4.50	*1.16*
		Pru-Bache Bond–Insured#/Pru-Bache	9/87	5.0	6.2	532	42	4.50	*0.62p*
C	C	**Pru-Bache Calif Municipal#/Pru-Bache**	9/84	4.7	6.1	179	1	4.50	*0.84*
C	C	**Pru-Bache Muni–Arizona#/Pru-Bache**	9/84	5.7	6.1	61	3	4.50	*0.93*
		Pru-Bache Muni–Hi Yield#/Pru-Bache	9/87	5.7	7.6	666	44	4.50	*0.60p*
D	C	**Pru-Bache Muni–Maryland#/Pru-Bache**	1/85	5.5	6.2	49	5	4.50	*1.00*
C	D	**Pru-Bache Muni–Mass#/Pru-Bache**	9/84	4.2	6.4	53	1	4.50	*0.97*
B	D	**Pru-Bache Muni–Michigan#/Pru-Bache**	9/84	4.4	6.1	50	8	4.50	*1.13*
		Pru-Bache Muni–NJ#/Pru-Bache	3/88	5.8	6.7	178	59	4.50	*0.90p*
C	D	**Pru-Bache Muni–New York#/Pru-Bache**	9/84	3.8	6.3	326	–4	none	*0.74*
C	D	**Pru-Bache Muni–NC#/Pru-Bache**	2/85	4.7	6.2	57	7	4.50	*0.99*
C	D	**Pru-Bache Muni–Ohio#/Pru-Bache**	9/84	4.9	6.3	91	4	4.50	*0.94*
		Pru-Bache Muni–Penn#/Pru-Bache	4/87	5.3	6.4	152	39	4.50	*0.48p*
B	C	**Pru-Bache Natl Municipals#/Pru-Bache**	4/80	4.4	6.4	951	–6	4.50	*0.76*

#Fund has two share classes, one with large 12b-1 fee and back-end load and the other with small 12b-1 fee and front-end load. Results shown are for front-loaded shares. Assets are for entire fund. *Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force.* p: Net of partial absorption of expenses by fund sponsor. [1]Formerly Sigma Pennsylvania Tax-Free Trust.

Distributor table, page 248. Rules, page 176.

Performance in UP —markets—	Performance in DOWN —markets—	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		5.5%	6.8%				$0.78
C	B	**Putnam California Tax-Ex Inc/Putnam**	4/83	5.3%	6.9%	$1,782	18%	4.75%	$0.52
		Putnam High Yield Muni/closed-end	5/89	6.3	8.5	185	–2	NA	NA
		Putnam Managed Muni Income/closed-end	2/89	5.1	8.2	387	–3	NA	NA
		Putnam Mass Tax-Free Inc/Putnam	10/86	4.7	6.4	76	8	2.50b	*1.60p*
		Putnam Michigan Tax-Ex Inc/Putnam	10/86	4.3	6.2	42	12	2.50b	*1.53p*
		Putnam Minnesota Tax-Ex Inc/Putnam	10/86	4.3	6.4	30	11	2.50b	*1.56p*
B	C	**Putnam New York Tax-Ex Inc/Putnam**	9/83	4.0	6.9	1,378	11	4.75	0.57
		Putnam Ohio Tax-Exempt Inc/Putnam	10/86	4.6	6.2	102	7	2.50b	*1.59p*
A+	D–	**Putnam Tax-Exempt Income/Putnam**	12/76	4.9	6.8	1,344	8	4.75	0.52
		Putnam Tax-Free Income–Hi Yield/Putnam	9/85	3.9	7.2	641	1	5.00b	*1.75*
		Putnam Tax-Free Income–Insured/Putnam	9/85	4.9	5.9	305	5	5.00b	*1.61*
		Rochester Fund Municipals/Rochester	5/86	8.4	7.4	156	153	4.00	*0.90*
B	F	**Safeco California Tax-Free Income/Safeco**	8/83	5.7	6.4	50	21	none	0.69
A	C	**Safeco Municipal Bond Fund/Safeco**	11/81	5.9	6.8	304	17	none	0.57
B	C	**Scudder California Tax Free Fund/Scudder**	7/83	5.4	6.3	199	10	none	0.83
		Scudder High Yield Tax Free Fund/Scudder	1/87	5.3	6.7	121	17	none	1.00p
B	D	**Scudder Managed Muni Bonds/Scudder**	10/76	5.3	6.8	697	4	none	0.62
		Scudder Massachusettes Tax Free/Scudder	6/87	4.7	6.7	51	36	none	0.60
C	C	**Scudder New York Tax Free/Scudder**	7/83	4.4	6.4	135	5	none	0.89
		Scudder Ohio Tax Free Fund/Scudder	6/87	5.9	6.7	30	94	none	0.50p
C	A	**Seligman Calif Tax-Ex–Hi Yield/Seligman**	11/84	6.5	6.7	50	–9	4.50	0.89
A	D	**Seligman Calif Tax-Ex–Quality/Seligman**	11/84	5.2	6.4	63	4	4.50	0.85
		Seligman New Jersey Tax-Exempt/Seligman	2/88	5.3	6.4	54	6	4.75	*0.57p*
		Seligman Penn Tax-Ex–Quality/Seligman	7/86	5.5	6.3	38	22	4.75	*0.92p*
		Seligman Tax-Exempt–Colorado/Seligman	5/86	4.9	6.5	64	1	4.75	0.88
		Seligman Tax-Exempt–Louisiana/Seligman	10/85	5.8	6.7	45	4	4.75	0.80
		Seligman Tax-Exempt–Maryland/Seligman	10/85	5.1	6.3	48	0	4.75	0.87
B	D	**Seligman Tax-Exempt–Mass/Seligman**	12/83	4.2	6.8	119	–6	4.75	0.79
A	D	**Seligman Tax-Exempt–Michigan/Seligman**	7/84	5.5	6.6	115	2	4.75	0.81
B	D	**Seligman Tax-Exempt–Minnesota/Seligman**	12/83	5.6	6.4	161	9	4.75	0.83
		Seligman Tax-Exempt–Missouri/Seligman	7/86	5.7	6.2	53	4	4.75	0.81
A	C	**Seligman Tax-Exempt–National/Seligman**	12/83	4.7	6.7	139	–3	4.75	0.78
A	D	**Seligman Tax-Exempt–New York/Seligman**	12/83	4.3	6.7	79	4	4.75	0.80
A	D	**Seligman Tax-Exempt–Ohio/Seligman**	12/83	5.7	6.7	137	3	4.75	0.79
		Seligman Tax-Exempt–Oregon/Seligman	10/86	5.4	6.2	33	8	4.75	0.71p
		Seligman Tax-Exempt–SC/Seligman	6/87	5.5	6.4	50	15	4.75	0.74p

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 248. Rules, page 176.

Annual Fund Ratings

Performance in UP —markets—	in DOWN	Fund/distributor	Date started	Latest 12 months total return	Latest 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Maximum sales charge	Annual expenses per $100
		Shearson Lehman municipal bond index		11.4%	7.8%				
		Forbes municipal bond composite		5.5%	6.8%				$0.78
C	B	**SLH California Municipals/Shearson**	4/84	5.7%	6.7%	$326	–2%	5.00%	$0.74
		SLH Income–Tax-Exempt Income/Shearson	9/85	4.3	6.7	568	4	5.00b	*1.45*
B	B	**SLH Managed Municipals/Shearson**	3/81	5.7	7.5	1,435	–6	5.00	0.61
		SLH NJ Municipals/Shearson	4/88	6.3	6.9	43	27	5.00	0.57p
C	B	**SLH NY Municipals/Shearson**	1/84	5.0	7.1	432	–2	5.00	0.66
B	A	**SteinRoe High Yield Municipals/Stein Roe**	3/84	7.6	7.2	310	12	none	0.71
A+	D	**SteinRoe Managed Municipals/Stein Roe**	1/77	6.2	6.7	584	13	none	0.66
B	C	**Tax-Ex Bond Fund of America/American Funds**	10/79	5.4	6.9	542	24	4.75	*0.73*
		Tax-Free Fund of Colorado/Aquila	5/87	6.2	6.6	75	102	4.00	0.14p
		Tax-Free Trust of Arizona/Aquila	3/86	5.7	6.7	121	19	4.00	*0.53p*
		Tax-Free Trust of Oregon/Aquila	6/86	5.2	6.5	138	15	4.00	0.76
A+	D	**United Municipal Bond Fund/Waddell**	11/76	5.2	7.2	653	12	4.25	0.58
		United Municipal High Income/Waddell	1/86	7.1	7.9	191	19	4.25	0.72
B	C	**USAA Tax-Exempt–High Yield/USAA**	3/82	5.8	7.2	1,268	17	none	0.43
D	A	**USAA Tax-Exempt–Intermediate/USAA**	3/82	6.2	7.0	497	17	none	0.46
F	A+	**USAA Tax-Exempt–Short-Term/USAA**	3/82	5.6	6.5	298	18	none	0.52
		Value Line New York Tax-Ex/Value Line	7/87	4.5	7.2	31	14	none	1.01
D	A	**Value Line Tax-Exempt–Hi Yield/Value Line**	3/84	5.7	7.7	277	0	none	0.62
		Van Kampen Merritt Calif Ins T-F/Van Kampen	12/85	4.5	6.8	49	10	4.90	*0.75p*
		Van Kampen Merritt Calif Muni/closed-end	11/88	3.6	7.1	48	65	NA	0.27p
B	C	**Van Kampen Merritt Ins T-F/Van Kampen**	12/84	5.2	7.0	648	8	4.90	*0.88*
		Van Kampen Merritt Muni Inc/closed-end	8/88	5.4	7.2	418	–1	NA	1.42p
		Van Kampen Merritt Penn T-F Inc/Van Kampen	5/87	6.2	7.3	57	77	4.90	*0.55p*
		Van Kampen Merritt T-F Hi Inc/Van Kampen	6/85	5.2	8.5	640	7	4.90	*0.99*
		Vanguard California T-F–Ins L-T/Vanguard	4/86	5.6	6.6	324	63	none	0.23
A+	D	**Vanguard Muni Bond–High Yield/Vanguard**	12/78	5.2	7.3	989	15	none	0.27
A	C	**Vanguard Muni Bond–Ins L-T/Vanguard**	9/84	5.7	7.1	1,125	23	none	0.27
D	B	**Vanguard Muni Bond–Intermed/Vanguard**	9/77	6.7	6.9	1,232	27	none	0.27
		Vanguard Muni Bond–Ltd Term/Vanguard	8/87	7.1	6.4	228	38	none	0.27
A	D	**Vanguard Muni Bond–Long-Term/Vanguard**	9/77	5.7	7.2	696	12	none	0.27
F	A+	**Vanguard Muni Bond–S-T/Vanguard**	9/77	6.5	5.9	723	3	none	0.27
		Vanguard NJ T-F–Insured L-T/Vanguard	2/88	5.5	6.8	190	93	none	0.24
		Vanguard New York Insured T-F/Vanguard	4/86	5.1	6.6	214	53	none	0.30
		Vanguard Penn Tax-Free–Ins L-T/Vanguard	4/86	6.1	6.8	501	40	none	0.24
		Voyageur Colorado Tax-Free/Voyageur	4/87	5.8	6.4	43	55	3.90	1.00
D	A	**Voyageur Minnesota Tax-Free/Voyageur**	2/84	5.7	6.7	184	13	4.75	*0.77*

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. b: Includes back-end load that reverts to distributor. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available

Distributor table, page 248. Rules, page 176.

Taxable money funds

Money market funds are either federally taxable or federally tax-exempt. Within each group, funds get pretty much the same yields on the paper they buy, but their returns differ because their overhead differs. (Look at the expense column on the right.) You should also compare the fees sometimes charged for such services as check-writing and wiring money. Taxable funds specializing in U.S. government-backed paper are marked with a •. These funds offer less risk with only slight, if any, yield penalties. They may or may not be exempt from state income taxes; on that score, read the article on page 132 and study the fund's portfolio. The listing of tax-exempt money market funds begins on page 245. For more information on a fund, contact the distributor listed after the fund's name (see page 248).

Portfolio average maturity days	Fund/distributor	Date started	Last 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Minimum initial investment	Annual expenses per $100
	Forbes taxable money fund composite		7.9%				$0.68
	Forbes tax-free money fund composite		5.4%				$0.64
60	**Active Assets Money Trust/Dean Witter**	2/81	8.1%	$3,448	16%	†	*$0.54*
40	**Alliance Capital Reserves/Alliance**	7/78	7.8	1,891	23	$1,000	*0.85*
56	**•Alliance Government Reserves/Alliance**	7/79	7.7	585	12	1,000	*0.88*
43	**Alliance Money Reserves/Alliance**	2/89	7.9	995	77	1,000	*0.91*
32	**Alex Brown Cash Reserve–Prime/Brown**	8/81	8.1	1,084	0	1,500	*0.58*
54	**•Capital Preservation Fund/Benham**	10/72	7.6	2,945	13	1,000	0.57
2	**•Capital Preservation Fund II/Benham**	6/80	7.9	650	–2	1,000	0.71
35	**•Cardinal Government Securities/Cardinal**	9/80	8.0	592	16	1,000	0.71
32	**Cash Accumulation–Natl MM/Thomson**	11/84	8.7	2,289	–11	500	*0.72*
13	**•Cash Equivalent Fund–Govt/Kemper**	12/81	8.0	2,619	–5	1,000	*0.70*
40	**Cash Equivalent Fund–MM/Kemper**	3/79	7.9	3,975	–39	1,000	*0.84*
22	**Cash Mgmt Trust of America/American Funds**	11/76	8.1	1,705	29	2,500	*0.54*
42	**CBA Money Fund/MLPF&S**	6/84	7.9	912	48	†	*0.68p*
11	**•CMA Government Securities/MLPF&S**	8/81	7.9	3,334	28	†	*0.57*
56	**CMA Money Fund/MLPF&S**	9/77	8.0	28,149	15	†	*0.55*
36	**Columbia Daily Income Co/Columbia**	11/74	7.9	746	17	1,000	0.69
46	**Command Money Fund/Pru-Bache**	2/82	8.1	2,669	21	†	*0.59*
24	**Daily Cash Accumulation Fund/Centennial**	7/78	8.0	4,709	19	500	*0.68*
55	**Dean Witter/Sears Liquid Asset/Dean Witter**	9/75	8.1	11,304	13	5,000	*0.53*
55	**•Dean Witter/Sears US Govt MM/Dean Witter**	2/82	7.6	843	17	1,000	*0.83*
55	**Delaware Group Cash Reserve/Delaware**	6/78	7.9	1,073	3	1,000	0.82
60	**Dreyfus Liquid Assets/Dreyfus**	1/74	8.1	7,695	2	2,500	0.66
65	**•Dreyfus MM Instrum–Govt Secs/Dreyfus**	5/79	7.8	631	–7	2,500	0.70
45	**Dreyfus NJ Tax Exempt MM/Dreyfus**	6/88	5.8	575	46	2,500	0.23p

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Portfolio average maturity days	Fund/distributor	Date started	Last 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Minimum initial investment	Annual expenses per $100
	Forbes taxable money fund composite		7.9%				$0.68
	Forbes tax-free money fund composite		5.4%				$0.64
65	**Dreyfus Worldwide Dollar MM/Dreyfus**	2/89	8.8%	$7,906	322%	$2,500	0.00p
54	**FFB Funds–Cash Management/Furman Selz**	3/86	8.1	513	16	1,000	*$0.56*
65	**Fidelity Cash Reserves/Fidelity**	5/79	8.0	10,354	–1	2,500	0.74
43	**Fidelity Daily Income Trust/Fidelity**	5/74	8.1	2,890	4	5,000	0.64
33	**Fidelity Select–Money Market/Fidelity**	8/85	7.9	539	–33	1,000	0.83
47	**Fidelity Spartan Money Market/Fidelity**	1/89	8.7	8,245	212	20,000	0.09p
50	**•Fidelity US Government Reserves/Fidelity**	11/81	7.8	1,456	–3	2,500	0.75
14	**•First Prairie MM–Government/Dreyfus**	5/87	7.6	602	89	1,000	*0.93p*
25	**Franklin Money Fund/Franklin**	1/76	7.7	1,558	–4	500	0.74
31	**Freedom Cash Management/Freedom**	4/81	7.9	1,113	18	1,000	0.80
58	**•Fund for Govt Investors/Rushmore**	3/75	7.6	703	10	2,500	0.72
76	**General Money Market Fund/Dreyfus**	2/82	7.9	746	–2	2,500	*0.93*
64	**Gradison Cash Reserves Trust/Gradison**	5/76	7.8	648	13	1,000	*0.77*
56	**Heritage Cash Trust/Heritage**	11/85	7.9	690	66	2,500	*0.83*
36	**IDS Cash Management Fund/IDS**	10/75	7.8	1,606	15	2,000	0.75
40	**ED Jones Daily Passport Cash/Jones & Co**	3/80	7.8	2,351	45	1,000	0.85
14	**•Kemper Money Market–Govt Secs/Kemper**	11/81	8.2	808	66	1,000	0.45
40	**Kemper Money Market–MM/Kemper**	11/74	8.3	7,485	16	1,000	0.46
40	**Kidder, Peabody Premium Account/Kidder**	5/82	7.9	1,060	9	†	*0.68*
44	**Legg Mason Cash Reserve Trust/Legg Mason**	9/79	7.9	873	44	1,000	0.75
36	**•Liberty US Govt Money Market/Federated**	6/80	7.6	1,414	2	500	1.01
40	**Liquid Capital Income Trust/Carnegie**	11/74	7.6	1,449	25	1,000	0.72
44	**Mass Cash Management–Prime/Mass Finl**	12/75	7.9	637	0	1,000	0.83
23	**•Merrill Lynch Government Fund/ML Boston**	9/77	8.0	1,259	–8	5,000	0.46
29	**Merrill Lynch Institutional Fund/ML Boston**	12/74	8.2	1,667	12	25,000	0.45
49	**Merrill Lynch Ready Assets/ML Funds**	2/75	8.0	10,315	5	5,000	*0.63*
58	**Merrill Lynch Retire Reserves/ML Funds**	4/82	8.0	5,376	32	none	0.72
40	**National Liquid Reserves–Cash/Smith Barney**	8/74	8.1	2,121	25	1,500	0.51
38	**Natl Liquid Reserves–Retire/Smith Barney**	2/86	8.0	876	39	200	0.59
41	**Nationwide Money Market Fund/Nationwide**	3/80	8.0	571	16	1,000	0.74
62	**New England Cash Mgmt–MM/New England**	7/78	8.0	1,141	16	1,000	0.71
28	**Oppenheimer Money Market/Oppenheimer**	4/74	8.0	958	11	1,000	0.74
50	**Pacific Horizon–Prime[1]/Concord Finl**	3/84	8.1	1,536	18	1,000	*0.63*
42	**•Pacific Horizon–Treas[2]/Concord Finl**	3/84	7.9	1,843	48	1,000	0.55
50	**PaineWebber Cashfund/PaineWebber**	5/78	8.1	5,070	9	5,000	0.54
53	**PaineWebber RMA–MM/PaineWebber**	10/82	8.1	3,766	43	†	0.58

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Annual Fund Ratings/Taxable Money Funds

Portfolio average maturity days	Fund/distributor	Date started	Last 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Minimum initial investment	Annual expenses per $100
	Forbes taxable money fund composite		7.9%				$0.68
	Forbes tax-free money fund composite		5.4%				$0.64
53	**PaineWebber RMA–Retirement/PaineWebber**	7/88	7.9%	$1,812	35%	†	*$0.85*
40	**Parkstone Prime Obligations/Winsbury**	8/87	8.0	547	4	$1,000	0.65p
NA	**Pierpont Money Market/TBC**	11/83	8.2	2,071	9	25,000	0.47
57	**Piper Jaffray Money Market/Piper**	3/87	7.8	1,173	34	250	*0.94*
30	T Rowe Price Prime Reserve Fund/Price	3/76	7.9	4,650	10	2,500	0.75
68	•Pru-Bache Govt Secs–MM/Pru-Bache	1/82	7.9	808	53	1,000	*0.65*
38	Pru-Bache Moneymart Assets/Pru-Bache	6/76	7.9	8,237	20	1,000	*0.73*
45	Putnam Daily Dividend Trust/Putnam	10/76	7.9	762	8	1,000	0.85
3	•Reserve Fund–Government/Resrv	10/81	7.7	643	4	1,000	*0.95*
25	**Reserve Fund–Primary/Resrv**	11/71	7.7	1,918	8	1,000	*0.93*
38	**Rodney Square Fund–MM/Rodney**	10/82	8.2	627	–4	1,000	*0.52*
51	**Scudder Cash Investment Trust/Scudder**	7/76	7.9	1,633	4	1,000	0.67
37	**Short-Term Income–MM/Reich & Tang**	1/80	7.9	845	11	5,000	*0.74*
77	**SLH Daily Dividend/Shearson**	6/79	8.0	15,693	10	2,500	0.69
76	•SLH Government & Agencies/Shearson	10/80	7.8	2,832	1	2,500	0.75
43	Standby Reserve Fund/Cowen	11/81	8.0	569	34	2,000	0.63
49	SteinRoe Cash Reserves/Stein Roe	9/76	7.9	952	0	1,000	0.76
66	Strong Money Market Fund/Strong	10/85	8.2	790	17	1,000	0.70p
52	•Summit Cash Reserves Fund/ML Funds	12/82	7.9	539	–16	5,000	0.74
53	**20th Century Cash Reserve/20th Century**	3/85	7.7	717	27	none	1.00
55	**United Cash Management/Waddell**	8/79	7.9	566	27	1,000	0.95
46	**USAA Mutual–Money Market/USAA**	2/81	8.0	927	8	1,000	0.65
64	**•UST Master–Govt Money/UST Secs**	5/85	8.1	516	158	1,000	0.57
19	**Value Line Cash Fund/Value Line**	4/79	8.0	520	–13	1,000	0.64
39	•Vanguard MM Reserves–Federal/Vanguard	7/81	8.2	1,751	25	3,000	0.30
41	Vanguard MM Reserves–Prime/Vanguard	6/75	8.4	12,618	33	3,000	0.30
41	Vanguard MM Res–US Treas/Vanguard	3/83	8.0	860	209	3,000	0.30
40	Vantage Money Market–Cash/Smith Barney	10/82	8.0	1,184	26	†	0.63
42	Webster Cash Reserve Fund/Kidder	8/79	7.9	2,073	12	1,500	*0.64*

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Distributor table, page 248. Rules, page 176.

Tax-free money funds

This table lists funds that buy short-term federally tax-exempt paper, such as tax anticipation notes issued by states and cities. The drawback to tax-exempt money markets is that almost all of the advantage you gain by avoiding taxes you lose by getting a lower return on your money—about one-third lower, on average. Portfolios invested entirely in one state, so-called double-tax-free funds, are usually exempt from that state's income tax. To appear on this table a fund must have either $100 million in assets or $25 million in assets and a one-state portfolio.

			Last 12 months	Total assets			
Portfolio average maturity days	**Fund/distributor**	Date started	return from income dividends	6/30/90 ($mil)	% change '90 vs '89	**Minimum initial investment**	**Annual expenses per $100**
	Forbes taxable money fund composite		7.9%				$0.68
	Forbes tax-free money fund composite		5.4%				$0.64
50	**Active Assets Tax-Free Trust/Dean Witter**	7/81	5.4%	$1,175	7%	†	*$0.57*
38	**Alliance Tax-Exempt Res–Calif/Alliance**	6/88	5.0	104	–57	$1,000	*1.00*
63	**Alliance Tax-Exempt Res–General/Alliance**	1/83	5.5	799	15	1,000	*0.83*
58	**Alliance Tax Exempt Res–NY/Alliance**	10/86	5.1	63	49	1,000	*0.80p*
60	**Benham Calif Tax-Free–MM/Benham**	11/83	5.2	458	–5	1,000	0.56
23	**Boston Co T-F Muni–Mass Money/Boston Co**	7/83	5.6	158	19	1,000	*0.63*
14	**California Daily Tax-Free Inc/Reich & Tang**	2/87	5.2	110	26	5,000	*0.62p*
46	**California Tax-Free MM/California Inv**	12/85	5.7	78	–6	10,000	0.25p
43	**Calvert Tax-Free Reserves–MM/Calvert**	4/81	6.0	932	17	2,000	0.63
38	**Carnegie Tax-Free Income Trust/Carnegie**	8/82	5.2	217	–2	1,000	0.62
62	**Cash Accumulation–Natl T-E/Thomson**	11/84	5.7	218	–17	500	*0.69*
36	**Cash Equivalent Fund–T-E MM/Kemper**	7/82	5.5	1,178	–44	1,000	*0.63*
51	**Centennial Tax-Exempt Trust/Centennial**	9/81	5.4	579	19	500	*0.79*
40	**CMA Calif Tax Exempt/MLPF&S**	7/88	5.2	1,017	17	†	*0.65p*
81	**CMA New York Tax Exempt/MLPF&S**	7/88	5.1	479	41	†	*0.71p*
59	**CMA Tax-Exempt Fund/MLPF&S**	1/81	5.6	7,876	13	†	*0.54*
57	**Command Tax-Free Fund/Pru-Bache**	2/82	5.5	714	17	†	*0.70*
65	**Connecticut Daily Tax-Free Inc/Reich & Tang**	5/85	5.2	213	–7	5,000	*0.78*
26	**Counsellors New York Tax-Ex/Counsellors**	4/85	5.2	72	51	1,000	0.50p
28	**Daily Tax-Free Income Fund/Reich & Tang**	11/82	5.5	725	0	5,000	*0.76*
34	**Dean Witter Calif T-F Daily Inc/Dean Witter**	7/88	5.1	364	6	5,000	*0.68*
48	**Dean Witter/Sears T-F Daily Inc/Dean Witter**	2/81	5.4	905	–1	5,000	*0.61*
12	**Dreyfus California Tax-Ex MM/Dreyfus**	1/86	5.3	381	10	2,500	0.60
47	**Dreyfus New York Tax-Ex MM/Dreyfus**	6/87	5.2	528	17	2,500	0.65p
30	**Dreyfus Tax-Exempt MM/Dreyfus**	8/80	5.5	2,060	–5	2,500	0.58
87	**Empire Tax-Free Money Market/Reich & Tang**	5/84	5.2	196	4	5,000	*0.77p*
58	**Evergreen Tax Exempt MM/Lieber**	11/88	6.1	288	175	2,000	0.29p
29	**Evergreen Tax Exempt MM–Calif/Lieber**	11/88	5.6	36	29	2,000	0.27p
35	**Federated Tax-Free Trust/Federated**	3/79	5.6	1,913	–13	25,000	0.46p

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Portfolio average maturity days	Fund/distributor	Date started	Last 12 months return from income dividends	Total assets 6/30/90 ($mil)	Total assets % change '90 vs '89	Minimum initial investment	Annual expenses per $100
	Forbes taxable money fund composite		7.9%				**$0.68**
	Forbes tax-free money fund composite		5.4%				**$0.64**
54	**FFB Funds–Tax-Free MM/Furman Selz**	9/86	5.4%	$125	–6%	$1,000	*$0.64*
46	**Fidelity Calif Tax-Free–MM/Fidelity**	7/84	5.2	582	–21	5,000	0.60
31	**Fidelity Mass Tax-Free–MM/Fidelity**	11/83	5.3	743	15	5,000	0.62
38	**Fidelity New Jersey Tax-Free–MM/Fidelity**	3/88	5.8	483	56	5,000	0.25p
50	**Fidelity NY Tax-Free–MM/Fidelity**	7/84	5.1	581	–9	5,000	0.61
38	**Fidelity Spartan Penn Muni–MM[1]/Fidelity**	8/86	5.9	240	58	25,000	0.15p
38	**Fidelity Tax-Exempt–MM/Fidelity**	1/80	5.6	2,705	–4	5,000	0.43
37	**First Prairie T-E Money Market/Dreyfus**	2/86	5.5	144	14	1,000	*0.98*
23	**Flag Inv T-F Cash Reserve Shs/Brown**	4/83	5.6	296	34	1,500	*0.40p*
29	**Franklin Calif Tax-Exempt Money/Franklin**	9/85	5.5	1,041	30	500	0.59
53	**Franklin New York Tax-Ex Money/Franklin**	1/86	5.4	94	60	500	0.57p
55	**Franklin Tax-Exempt Money Fund/Franklin**	2/82	5.7	223	23	500	0.79
35	**Freedom Tax-Exempt Money/Freedom**	12/82	5.3	237	17	1,000	0.60
14	**General Calif Muni MM/Dreyfus**	3/87	5.8	245	239	2,500	0.76
55	**General NY Muni MM/Dreyfus**	12/86	5.5	323	364	2,500	0.75p
37	**General Tax-Exempt MM/Dreyfus**	12/83	5.5	363	5	2,500	0.64
51	**HT Insight–Tax-Free MM Fund/TBC**	2/88	5.4	121	16	1,000	*0.43p*
70	**IDS Tax-Free Money Fund/IDS**	8/80	5.3	129	17	2,000	0.67p
37	**Kemper MM–Tax-Ex/Kemper**	9/87	5.7	676	37	1,000	0.42
30	**Kidder, Peabody Calif T-E MM/Kidder**	8/87	5.1	246	21	1,500	*0.66*
57	**Kidder, Peabody Tax-Exempt MM/Kidder**	7/83	5.5	749	8	1,500	*0.68*
49	**Landmark NY T-F Reserves/Landmark**	1/85	5.2	562	60	1,000	*0.66*
52	**Landmark Tax-Free Reserves/Landmark**	1/84	5.5	144	13	1,000	*0.65*
23	**Legg Mason Tax-Exempt Trust/Legg Mason**	7/83	5.3	161	11	1,000	*0.71*
22	**Michigan Daily Tax-Free Inc/Reich & Tang**	3/87	5.9	88	85	5,000	*0.20p*
93	**Midwest Group T-F–Ohio MM/MGF**	9/87	5.5	124	58	1,000	*0.75*
43	**Neuberger & Berman Muni MM/Neuberger**	12/84	5.5	161	–4	2,000	0.64p
22	**Nuveen California Tax-Free–MM/Nuveen**	3/86	5.4	453	25	5,000	*0.55p*
48	**Nuveen Tax-Exempt MM/Nuveen**	4/81	5.8	1,815	5	25,000	0.40
46	**Nuveen Tax-Free MM–Mass/Nuveen**	12/86	5.6	62	52	5,000	*0.55p*
39	**Nuveen Tax-Free MM–New York/Nuveen**	12/86	5.3	41	31	5,000	*0.55p*
31	**Nuveen Tax-Free Reserves/Nuveen**	11/82	5.6	392	4	1,000	*0.73*
54	**AT Ohio Tax-Free Money Fund/Federated**	7/85	5.4	286	16	25,000	0.65
41	**Overland Express Tax Free MM/Overland**	4/88	5.3	283	28	1,000	0.66
77	**PaineWebber RMA–CA Muni Money/PaineWebber**	11/88	5.1	254	42	†	*0.67p*

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Portfolio average maturity days	Fund/distributor	Date started	Last 12 months	Total assets		Minimum initial investment	Annual expenses per $100
			return from income dividends	6/30/90 ($mil)	% change '90 vs '89		
	Forbes taxable money fund composite		7.9%				$0.68
	Forbes tax-free money fund composite		5.4%				$0.64
78	**PaineWebber RMA–NY Muni Money/PaineWebber**	11/88	5.2%	$95	79%	†	*$0.37p*
64	**PaineWebber RMA–Tax-Free/PaineWebber**	10/82	5.3	1,098	20	†	*0.67*
46	**Parkstone Tax-Free/Winsbury**	7/87	5.6	142	18	$1,000	0.63p
NA	**Pierpont Tax-Exempt MM/TBC**	9/83	5.6	897	17	25,000	0.56
67	**Piper Jaffray Tax-Exempt MM/Piper**	7/88	5.5	109	36	250	*0.91*
11	**T Rowe Price Calif T-F Inc–Money/Price**	9/86	4.9	84	–1	2,500	0.78
30	**T Rowe Price New York T-F Money/Price**	8/86	4.9	50	7	2,500	0.80p
18	**T Rowe Price Tax-Exempt Money/Price**	4/81	5.4	980	–11	2,500	0.59
71	**Pru-Bache Muni–New York MM/Pru-Bache**	4/85	4.6	210	22	1,000	*0.75*
63	**Pru-Bache Tax-Free Money Fund/Pru-Bache**	8/79	5.4	690	4	1,000	*0.75*
26	**Putnam California Tax-Ex MM/Putnam**	10/87	5.4	75	10	1,000	*0.69p*
65	**Putnam New York Tax-Ex MM/Putnam**	10/87	5.1	66	50	1,000	*0.67p*
48	**Putnam Tax-Exempt MM/Putnam**	10/87	5.6	101	20	1,000	*0.69p*
63	**Reserve New York Tax-Ex–NY/Resrv**	11/83	5.0	107	11	1,000	*0.95*
57	**Reserve Tax-Exempt–Connecticut/Resrv**	5/85	5.1	309	25	1,000	*0.80p*
53	**Reserve Tax-Exempt–Interstate/Resrv**	11/83	5.4	346	5	1,000	*0.99*
31	**Rodney Square Tax-Exempt/Rodney**	2/86	5.5	220	–20	1,000	*0.57*
30	**Scudder California Tax-Free Money/Scudder**	6/87	5.0	61	–6	1,000	0.75
36	**Scudder Fund–Managed Tax-Free/Scudder**	10/82	5.4	130	34	2,500	*0.76*
42	**Scudder NY Tax-Free Money Fund/Scudder**	6/87	5.0	36	–7	1,000	0.60p
54	**Scudder Tax-Free Money Fund/Scudder**	1/80	5.4	272	–15	1,000	0.72
26	**SLH Calif Daily Tax-Free/Shearson**	11/85	5.3	684	20	2,500	0.58
64	**SLH Daily Tax-Free Dividend/Shearson**	10/82	5.6	2,858	–1	2,500	0.63
50	**SLH NY Daily Tax-Free/Shearson**	11/85	5.2	450	21	2,500	0.59
36	**SteinRoe Tax-Exempt Money/Stein Roe**	3/83	5.4	256	1	1,000	0.67
68	**Strong Tax-Free Money Market/Strong**	10/86	5.8	109	43	2,500	0.90
19	**Tax-Exempt California MM/Kemper**	6/87	5.1	235	6	1,000	*0.63*
42	**Tax-Free Instruments Trust/Federated**	12/82	5.6	1,143	–18	500	0.55p
52	**Tax-Free Money Fund/Smith Barney**	4/81	5.5	1,191	11	7,500	0.53
59	**USAA Tax-Exempt Fund–MM/USAA**	2/84	6.0	1,069	43	3,000	0.42
60	**UST Master Tax-Exempt–S-T/UST Secs**	5/85	5.6	537	9	1,000	0.55
31	**Vanguard California T-F–MM/Vanguard**	6/87	5.4	639	51	3,000	0.22
55	**Vanguard Muni Bond–MM/Vanguard**	6/80	5.8	2,386	21	3,000	0.27
66	**Vanguard NJ Tax-Free–MM/Vanguard**	2/88	5.9	381	85	3,000	0.22
39	**Vanguard Penn Tax-Free–MM/Vanguard**	6/88	5.9	618	85	3,000	0.22

Expense ratio is in italics if the fund has a shareholder-paid 12b-1 plan exceeding 0.1% (hidden load) pending or in force. †Part of integrated financial account. p: Net of partial absorption of expenses by fund sponsor. NA: Not applicable or not available.

Distributor table, page 248. Rules, page 176.

Fund distributors

The firms that market mutual funds are listed below. A fund without a distributor is listed under the name of the fund itself. Contact the distributor to get the prospectus, the most recent shareholder report and additional information. Your stockbroker may have literature on funds with sales loads. Closed-end funds trade like stocks and do not have distributors. The key below lists fund types. Page 176 describes our selection process and methods.

Distributor	Type of fund
AAL Mutual Funds 222 West College Avenue Appleton, WI 54919-0007 (414) 734-7633 (local); (800) 553-6319	
AAL Capital Growth Fund	ST
AAL Income Fund	BD
ABT Financial Services 205 Royal Palm Way Palm Beach, FL 33480 (800) 289-2281	
ABT Growth & Income Trust	ST
ABT Invest–Emerging Growth	ST
ABT Invest–Security Income	ST
ABT Utility Income Fund	ST
Accrued Equities 295 Northern Boulevard Great Neck, NY 11021 (516) 466-0808*	
New Alternatives Fund	ST
Acorn Fund 2 North LaSalle Street Suite 500 Chicago, IL 60602-3790 (312) 621-0630* (local), (800) 922-6769	
Acorn Fund	ST
Adtek Fund 4920 West Vliet Street Milwaukee, WI 53208 (414) 257-1842	
Adtek Fund	BA
Advest Group 280 Trumbull Street Hartford, CT 06103 (800) 842-3807 (local), (800) 243-8115	
Advantage Government Securities	BD
Advantage Growth Fund	ST
Advantage Income Fund	BA
AFA Distributors 50 Broad Street New York, NY 10004 (212) 482-8100*	
National Aviation & Technology	ST
National Telecom & Technology	ST
Afuture Fund 617 Willowbrook Lane West Chester, PA 19382 (800) 523-7594	
Afuture Fund	ST
AIM Distributors 11 Greenway Plaza Suite 1919 Houston, TX 77046 (800) 347-1919	
Aim Convertible Securities	BA
Aim Equity–Charter Fund	ST
Aim Equity–Constellation Fund	ST
Aim Equity–Weingarten Equity Fund	ST
Aim High Yield Securities	BD
Aim Summit Fund	ST
Fred Alger & Co 75 Maiden Lane New York, NY 10038 (800) 992-3863	
Alger Fund–Growth	ST
Alger Fund–Small Capitalization	ST
Alliance Fund Services 500 Plaza Drive Secaucus, NJ 07094 (201) 319-4000* (local); (800) 221-5672	
Alliance Balanced Shares	BA
Alliance Bond–High Yield	BD
Alliance Bond–Monthly Income Shs	BD
Alliance Bond–US Government	BD
Alliance Capital Reserves	MM
Alliance Convertible Fund	BA
Alliance Counterpoint Fund	ST
Alliance Fund	ST
Alliance Global–Canadian Fund	FO
Alliance Government Reserves	MM
Alliance Growth & Income	ST
Alliance International Fund	FO
Alliance Money Reserves	MM
Alliance Mortgage Securities Income	BD
Alliance Muni Income–Calif	MU
Alliance Muni Income–Ins Calif	MU
Alliance Muni Income–Ins Natl	MU
Alliance Muni Income–National	MU
Alliance Muni Income–NY	MU
Alliance Quasar Fund	ST
Alliance S-T Multi-Market Trust	FO
Alliance Tax-Exempt Res–Calif	MM
Alliance Tax-Exempt Res–General	MM
Alliance Tax Exempt Res–New York	MM
Alliance Technology Fund	ST
Surveyor Fund	ST
AMA Advisers PO Box 1111 Blue Bell, PA 19422 (215) 825-0400* (local); (800) 523-0864	
AMA Family of Funds–Classic Growth	ST
AMA Family of Funds–Global Growth	FO
AMA Family of Funds–Growth + Inc	ST
AMA Family of Funds–US Govt Inc +	BD
American Capital Marketing 2800 Post Oak Boulevard Houston, TX 77056 (800) 421-5666	
American Capital Comstock Fund	ST
American Capital Corp Bond Fund	BD
American Capital Enterprise Fund	ST
American Capital Equity Income	BA
American Capital Government Secs	BD
American Capital Harbor Fund	BA
American Capital High Yield Inv	BD
American Capital Muni Bond Fund	MU
American Capital Pace Fund	ST
American Capital Tax-Ex--Hi Yld	MU
American Capital Venture Fund	ST
Fund of America	ST
American Funds Group 135 South State College Boulevard Brea, CA 92621 (714) 671-7000* (local), (800) 421-9900	
Amcap Fund	ST
American Balanced Fund	BA
American Income-US Govt Guar	BD
American Funds Tax-Exempt I--Md	MU
American Funds Tax-Exempt I–Va	MU
American Funds Tax-Exempt II–Calif	MU
American High-Income Trust	BD
American Mutual Fund	ST
Bond Fund of America	BD
Capital Income Builder	ST
Capital World Bond Fund	FO
Cash Management Trust of America	MM
EuroPacific Growth Fund	FO
Fundamental Investors	ST
Growth Fund of America	ST
Income Fund of America	BA
Intermediate Bond Fund of America	BD
Investment Co of America	ST
New Economy Fund	ST
New Perspective Fund	ST
Tax-Exempt Bond Fund of America	MU
Washington Mutual Investors	ST
American Growth Fund Sponsors 410 17th Street Suite 800 Denver, CO 80202 (303) 623-6137* (local); (800) 525-2406	
American Growth Fund	ST
American Investors PO Box 2500 Greenwich, CT 06836 (203) 531-5000* (local); (800) 243-5353	
American Investors Growth Fund	ST
American Pension Distributors PO Box 2529 Lynchburg, VA 24501 (800) 533-4115 (local); (800) 541-6060	
API Trust–Growth	ST

ST	Stock fund
BA	Balanced fund
FO	Foreign fund
BD	Bond & preferred fund
MU	Municipal bond fund
MM	Money market fund

*Will accept collect calls

[redacted]

Distributor	Type of fund
AMEV Investors PO Box 64284 St Paul, MN 55164 (612) 738-4000* (local); (800) 800-2638	
AMEV Advantage–Asset Allocation	BA
AMEV Advantage–Capital Apprec	ST
AMEV Capital Fund	ST
AMEV Fiduciary Fund	ST
AMEV Growth Fund	ST
AMEV Tax-Free Fund–Minnesota	MU
AMEV US Govt Securities Fund	BD
Amway Management Co 7575 East Fulton Road Ada, MI 49355 (800) 346-2670	
Amway Mutual Fund	ST
Analytic Optioned Equity Fund 2222 Martin Street Suite 230 Irvine, CA 92715 (714) 833-0294*	
Analytic Optioned Equity Fund	ST
Angeles Securities 10301 West Pico Boulevard Los Angeles, CA 90064 (213) 277-4900* (local); (800) 421-4374	
FPA Capital Fund	ST
FPA New Income Fund	BD
FPA Paramount Fund	ST
FPA Perennial Fund	ST
Aquila Distributors 200 Park Avenue Suite 4515 New York, NY 10017 (212) 697-6666* (local); (800) 228-4227	
Churchill Tax-Free Fund of Kentucky	MU
Hawaiian Tax-Free Trust	MU
Tax-Free Fund of Colorado	MU
Tax-Free Trust of Arizona	MU
Tax-Free Trust of Oregon	MU
Armstrong Associates 1445 Ross Avenue LB 212 Dallas, TX 75202 (214) 720-9101	
Armstrong Associates	ST
Associated Planners Security 1925 Century Park East Suite 1900 Los Angeles, CA 90067 (213) 553-6740* (local); (800) 950-2748	
Associated Planners Stock Fund	ST
Axe Securities Corp 400 Benedict Avenue Tarrytown, NY 10591 (914) 333-5200* (local); (800) 669-0333	
Axe-Houghton Fund B	BA
Axe-Houghton Income Fund	BD
Axe-Houghton Stock Fund	ST
Bailard, Biehl & Kaiser 2755 Campus Drive Suite 300 San Mateo, CA 94403 (415) 571-5800* (local); (800) 882-8383	
Bailard Biehl & Kaiser Diversa Fund	BA
Robert W Baird & Co 777 East Wisconsin Avenue Milwaukee, WI 53202 (414) 765-3500* (local); (800) 792-2473	
Baird Blue Chip Fund	ST
Baird Capital Development Fund	ST
Baron Asset Fund 450 Park Avenue New York, NY 10022 (212) 759-7700 (local); (800) 992-2766	
Baron Asset Fund	ST
Bartlett Capital Trust 36 East Fourth Street Cincinnati, OH 45202 (800) 327-4363 (local); (800) 543-0863	
Bartlett Capital Trust–Basic Value	ST
Bartlett Capital Trust–Fixed Income	BD
Baxter Financial 1200 North Federal Highway Suite 424 Boca Raton, FL 33432 (407) 395-2155 (local); (800) 749-9933	
Eagle Growth Shares	ST
Philadelphia Fund	ST
Beacon Hill Mutual Fund 75 Federal Street Boston, MA 02110 (617) 482-0795	
Beacon Hill Mutual Fund	ST
Beckerman & Co 26 Broadway Suite 205 New York, NY 10004 (212) 248-8080 (local); (800) 543-2620	
44 Wall Street Equity Fund	ST
44 Wall Street Fund	ST
Benham Capital Management 1665 Charleston Road Mountain View, CA 94043 (800) 321-8321	
Benham Calif Tax-Free–High Yield	MU
Benham Calif Tax-Free–Insured	MU
Benham Calif Tax-Free–Intermediate	MU
Benham Calif Tax-Free–Long-Term	MU
Benham Calif Tax-Free–MM	MM
Benham Gold Equities Index	ST
Benham Government Inc–GNMA	BD
Benham Target Maturities–2015	BD
Benham Treasury Note Fund	BD
Capital Preservation Fund	MM
Capital Preservation Fund II	MM
Berger Associates 899 Logan Street Suite 211 Denver, CO 80203 (303) 837-1020* (local); (800) 333-1001	
Berger One Hundred Fund	ST
Sanford C Bernstein & Co 767 Fifth Avenue New York, NY 10153 (212) 486-5864	
Bernstein Diversified Muni	MU
Bernstein Govt Short Duration	BD
Bernstein Intermediate Duration	BD
Bernstein New York Muni	MU
Bernstein Short Duration Plus	BD
Berwyn Fund 1189 Lancaster Avenue Berwyn, PA 19312 (215) 640-4330*	
Berwyn Fund	ST
Boston Co Funds Distributor Exchange Place One Boston Place Boston, MA 02108 (800) 225-5267	
Boston Co Capital Appreciation Fund	ST
Boston Co Inv–Asset Allocation	BA
Boston Co Inv–International	FO
Boston Co Managed Income Fund	BD
Boston Co Tax-Free Muni–Mass Money	MM
Boston Co Special Growth Fund	ST
Brandywine Fund PO Box 4166 Greenville, DE 19807 (302) 656-6200	
Brandywine Fund	ST
Bridges Investment Fund 8401 West Dodge Road Omaha, NE 68114 (402) 397-4700	
Bridges Investment Fund	ST
Clayton Brown & Associates 500 West Madison Suite 3000 Chicago, IL 60606 (312) 559-3007 (local); (800) 621-4770	
First Trust–US Government	BD
Alex Brown & Sons 135 East Baltimore Street Baltimore, MD 21202 (301) 727-1700 (local); (800) 767-3524	
Alex Brown Cash Reserve–Prime	MM
Flag Investors Emerging Growth	ST
Flag Investors International Trust	FO
Flag Investors T-F Cash Reserve Shs	MM
Flag Investors Telephone Income	ST
Flag Investors Total Return US Treas	BD
CJ Lawrence Total Return US Treas	BD
Bruce Fund 20 North Wacker Drive Suite 1425 Chicago, IL 60606 (312) 236-9160	
Bruce Fund	BA

*Will accept collect calls

Fund Distributors

Distributor	Type of fund
Bull & Bear Group 11 Hanover Square New York, NY 10005 (212) 363-1100* (local); (800) 847-4200	
Bull & Bear Capital Growth Fund	ST
Bull & Bear Equity-Income Fund	ST
Bull & Bear Finl News Composite	ST
Bull & Bear Gold Investors	FO
Bull & Bear Special Equities Fund	ST
Burnham Securities 60 Broad Street 22nd Floor New York, NY 10004 (212) 483-1461	
Burnham Fund	ST
Fenimore International Fund Equity	FO
Calamos Financial Services 2001 Spring Road Suite 750 Oakbrook, IL 60521 (708) 571-7115 (local); (800) 323-9943	
Calamos Convertible Income	BA
California Investment Trust 44 Montgomery Street Suite 2200 San Francisco, CA 94104 (415) 398-2727 (local), (800) 826-8166	
California Tax-Free Income	MU
California Tax-Free MM	MM
Calvert Group 1700 Pennsylvania Avenue NW Washington, DC 20006 (301) 951-4820* (local); (800) 368-2748	
Calvert Ariel Growth Fund	ST
Calvert Fund–Capital Value	ST
Calvert Fund–Income	BD
Calvert–Washington Area Growth	ST
Calvert Social Inv–Equity	ST
Calvert Social Inv–Managed Growth	BA
Calvert Tax-Free Reserves–Limited	MU
Calvert Tax-Free Reserves–MM	MM
Capstone Asset Planning Co PO Box 3167 Houston, TX 77253-3167 (713) 750-8000 (local), (800) 262-6631	
Capstone EquityGuard Stock	ST
Capstone Intl–European Plus	FO
Cashman Farrell Value Fund	ST
Fund of the Southwest	ST
PBHG Growth Fund	ST
US Trend Fund	ST
Cardinal Group of Funds 155 East Broad Street Mezzanine Level Columbus, OH 43215 (614) 464-6852 (local); (800) 848-7734	
Cardinal Fund	ST
Cardinal Government Guaranteed	BD
Cardinal Government Securities	MM
Carillon Investments PO Box 5304 Cincinnati, OH 45201 (513) 595-2600	
Carillon Inv Trust–Capital Fund	BA
Carnegie Fund Distributors 1228 Euclid Avenue Cleveland, OH 44115 (216) 781-4440* (local); (800) 321-2322	
Carnegie-Cappiello–Growth	ST
Carnegie-Cappiello–Total Return	ST
Carnegie Tax-Free Income Trust	MM
Liquid Capital Income Trust	MM
Centennial Capital Corp 3410 South Galena Street Denver, CO 80231 (800) 356-3556 (local), (800) 525-7048	
Centennial Tax-Exempt Trust	MM
Daily Cash Accumulation Fund	MM
Century Shares Trust One Liberty Square Boston, MA 02109 (617) 482-3060* (local), (800) 321-1928	
Century Shares Trust	ST
Cigna Mutual Funds 1350 Main Street Springfield, MA 01103 (413) 784-0100	
Cigna Aggressive Growth Fund	ST
Cigna Growth Fund	ST
Cigna High Yield Fund	BD
Cigna Income Fund	BD
Cigna Municipal Bond Fund	MU
Cigna Utilities	ST
Cigna Value Fund	ST
Colonial Investment Services One Financial Center Boston, MA 02111 (617) 426-3750* (local), (800) 225-2365	
Colonial Advanced Strategies Gold	BA
Colonial California Tax-Exempt	MU
Colonial Fund	BA
Colonial Government Securities Plus	BD
Colonial Growth Shares Trust	ST
Colonial High Yield Securities	BD
Colonial Income Trust	BD
Colonial International Equity Index	FO
Colonial Massachusetts Tax-Exempt	MU
Colonial New York Tax-Exempt	MU
Colonial Ohio Tax-Exempt Trust	MU
Colonial Small Stock Index Trust	ST
Colonial Strategic Inc–Diversified	ST
Colonial Strategic Inc–Income Plus	ST
Colonial Tax-Exempt Fund	MU
Colonial Tax-Exempt Insured Fund	MU
Colonial US Equity Index Trust	ST
Colonial VIP Equity–Div Return	ST
Colonial VIP Equity–Growth	ST
Colonial VIP Equity–Inflation Hedge	ST
Columbia Funds Management Co PO Box 1350 Portland, OR 97207-1350 (800) 547-1707	
Columbia Daily Income Co	MM
Columbia Fixed Income Securities	BD
Columbia Growth Fund	ST
Columbia Municipal Bond Fund	MU
Columbia Special Fund	ST
Common Sense Distributors 3100 Breckinridge Boulevard Building 400 Duluth, GA 30199-0001 (404) 381-2668 (local); (800) 544-5445	
Common Sense–Government	BD
Common Sense–Growth	ST
Common Sense–Growth & Income	ST
Concord Financial Group 156 West 56th Street Suite 1902 New York, NY 10019 (212) 492-1600* (local), (800) 332-3863	
Pacific Horizon–Aggressive Growth	ST
Pacific Horizon–Calif Tax-Ex Bond	MU
Pacific Horizon–Prime	MM
Pacific Horizon–Treasury	MM
Copley Financial Services Corp PO Box 3287 Fall River, MA 02722 (508) 674-8459*	
Copley Fund	ST
Counsellors Securities 466 Lexington Avenue New York, NY 10017-3147 (212) 878-0600 (local), (800) 888-6878	
Counsellors Capital Appreciation	ST
Counsellors Emerging Growth Fund	ST
Counsellors International Equity	FO
Counsellors New York Tax-Exempt	MM
Country Capital Management Co PO Box 2222 Bloomington, IL 61701 (309) 557-3790	
Country Capital Growth Fund	ST
Country Capital Income Fund	BA
Cowen & Co Financial Square New York, NY 10005 (212) 495-6000 (local), (800) 221-5616	
Cowen Income + Growth Fund	ST
Cowen Opportunity Fund	ST
Standby Reserve Fund	MM
Craig-Hallum 701 Fourth Avenue South 10th Floor Minneapolis, MN 55415 (612) 332-1212 (local); (800) 331-4923	
General Securities	ST

*Will accept collect calls

Distributor	Type of fund
Dain Bosworth 790 North Milwaukee Street Milwaukee, WI 53202 (414) 347-7276 (local); (800) 432-7856	
Heartland Group–Value Fund	ST
Dean Witter Reynolds Two World Trade Center 76th Floor New York, NY 10048 (212) 392-2500 (local); (800) 869-3863	
Active Assets Money Trust	MM
Active Assets Tax-Free Trust	MM
Dean Witter American Value Fund	ST
Dean Witter Calif Tax-Free Daily	MM
Dean Witter Calif Tax-Free Income	MU
Dean Witter Convertible Secs	BA
Dean Witter Developing Growth Secs	ST
Dean Witter Dividend Growth Secs	ST
Dean Witter Government Secs Plus	BD
Dean Witter High Yield Secs	BD
Dean Witter Intermediate Income	BD
Dean Witter Managed Assets	BA
Dean Witter Natural Resource Dev	ST
Dean Witter NY Tax-Free Income	MU
Dean Witter Option Income Trust	ST
Dean Witter/Sears Liquid Asset	MM
Dean Witter/Sears Tax-Free Daily Inc	MM
Dean Witter/Sears US Govt MM	MM
Dean Witter Strategist	BA
Dean Witter Tax-Exempt Secs	MU
Dean Witter US Govt Securities	BD
Dean Witter Utilities Fund	ST
Dean Witter Value-Added Mkt	ST
Dean Witter World Wide Investment	FO
Dean Witter Worldwide Income	FO
Delaware Distributors 10 Penn Center Plaza Philadelphia, PA 19103 (215) 988-1333 (local); (800) 523-4640	
Delaware Group Cash Reserve	MM
Delaware Group Decatur Fund–I	ST
Delaware Group Decatur Fund–II	ST
Delaware Group Delaware Fund	BA
Delaware Group DelCap Fund–I	ST
Delaware Group Delchester H-Y-I	BD
Delaware Group Govt–Govt Inc	BD
Delaware Group Tax-Free Fund–USA	MU
Delaware Group Treasury–Investors	BD
Delaware Group Trend Fund	ST
Delaware Group Value Fund	ST
DMC Tax-Free Income Trust–PA	MU
Diversified Securities PO Box 357 Long Beach, CA 90801 (213) 595-7711*	
Investors Research Fund	ST
Dividend Growth Fund 107 North Adams Street Rockville, MD 20850 (301) 251-1002* (local); (800) 638-2042	
Dividend/Growth–Dividend	ST

Distributor	Type of fund
Dodge & Cox One Post Street 35th Floor San Francisco, CA 94104 (415) 434-0311	
Dodge & Cox Balanced Fund	BA
Dodge & Cox Stock Fund	ST
Dreyfus Service Corp 144 Glenn Curtiss Boulevard Uniondale, NY 11556-0144 (718) 895-1206 (local); (800) 782-6620	
Dreyfus A Bonds Plus	BD
Dreyfus California Tax-Exempt Bond	MU
Dreyfus California Tax-Exempt MM	MM
Dreyfus Capital Value Fund	ST
Dreyfus Convertible Securities Fund	BA
Dreyfus Fund	ST
Dreyfus GNMA Fund	BD
Dreyfus Growth Opportunity Fund	ST
Dreyfus Index Fund	ST
Dreyfus Insured Tax-Exempt Bond	MU
Dreyfus Intermediate Tax-Ex Bond	MU
Dreyfus Leverage Fund	ST
Dreyfus Liquid Assets	MM
Dreyfus Massachusetts Tax-Ex Bond	MU
Dreyfus MM Instruments–Govt Secs	MM
Dreyfus New Jersey Tax-Exempt Bond	MU
Dreyfus New Jersey Tax-Exempt MM	MM
Dreyfus New Leaders Fund	ST
Dreyfus NY Insured Tax-Exempt Bond	MU
Dreyfus NY Tax-Exempt Bond Fund	MU
Dreyfus NY Tax-Ex Intermed Bond	MU
Dreyfus NY Tax-Exempt MM	MM
Dreyfus Strategic Aggressive Inv LP	ST
Dreyfus Strategic Investing	ST
Dreyfus Strategic World Investing LP	FO
Dreyfus Tax-Exempt Bond Fund	MU
Dreyfus Tax-Exempt Money Market	MM
Dreyfus Third Century Fund	ST
Dreyfus Worldwide Dollar MM	MM
First Prairie Diversified Asset Fund	BA
First Prairie MM–Government	MM
First Prairie Tax-Exempt MM	MM
General Aggressive Growth	ST
General Calif Municipal MM	MM
General Money Market Fund	MM
General NY Municipal Bond	MU
General NY Municipal MM	MM
General Tax-Exempt Bond Fund	MU
General Tax-Exempt Money Market	MM
Premier Calif Tax-Exempt Bond	MU
Premier NY Tax-Exempt Bond	MU
Premier State Tax-Exempt Conn	MU
Premier State Tax-Exempt–Fla	MU
Premier State Tax-Exempt–Md	MU
Premier State Tax-Exempt–Mass	MU
Premier State Tax-Exempt–Mich	MU
Premier State Tax-Exempt–Minn	MU
Premier State Tax-Exempt–Ohio	MU
Premier State Tax-Exempt–Penn	MU
Premier Tax-Exempt Bond	MU
Westwood Fund	ST

Distributor	Type of fund
Dupree Investment Advisors PO Box 1149 Lexington, KY 40589 (800) 432-9518	
Dupree–Kentucky Tax-Free Income	MU
Eaton Vance Distributors 24 Federal Street Boston, MA 02110 (617) 482-8260 (local); (800) 225-6265	
Eaton Vance California Municipals	MU
Eaton Vance Equity-Income Trust	ST
Eaton Vance Government Obligations	BD
Eaton Vance Growth Fund	ST
Eaton Vance High Income Trust	BA
Eaton Vance High Yield Municipals	MU
Eaton Vance Income Fund of Boston	BA
Eaton Vance Investors Fund	BA
Eaton Vance Special Equities Fund	ST
Eaton Vance Stock Fund	ST
Eaton Vance Total Return Trust	ST
Nautilus Fund	ST
Vance, Sanders Special Fund	ST
Eclipse Financial Services PO Box 2196 Peachtree City, GA 30269 (404) 631-0414 (local); (800) 872-2710	
Eclipse Financial Asset Trust–Equity	ST
Enterprise Fund Distributors 1200 Ashwood Parkway Suite 290 Atlanta, GA 30338 (404) 396-8118* (local); (800) 432-4320	
Enterprise Group–Capital Apprec	ST
Enterprise Group–Growth	ST
Enterprise Group–Growth & Income	ST
Enterprise Group–International Grow	FO
Enterprise Group–Precious Metals	FO

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I am interested in the following:
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- ☐ Nicholas Limited Edition
- ☐ Nicholas Income Fund
- ☐ Nicholas Money Market Fund

For complete information, including management fees and expenses, please write or call for a prospectus. Read it carefully before you invest or send money.

Name ____________
Address ____________
City ____________
State ______ Zip ____________

Annual Fund Ratings

Distributor	Type of fund
EQSF Advisers 767 Third Avenue 5th Floor New York, NY 10017 (212) 888-6685 (local); (800) 834-3400	
Equity Strategies Fund	ST
Equitable Funds 1755 Broadway Location 3D New York, NY 10019 (212) 641-8100 (local); (800) 541-2150	
Equitable Funds–Balanced Fund	BA
Equitable Funds–Growth	ST
Equitec Securities PO Box 2470 7677 Oakport Street Oakland, CA 94614 (415) 430-9900 (local); (800) 869-8007	
Equitec Siebel Aggressive Growth	ST
Equitec Siebel Total Return Fund	ST
Equitec Siebel US Government Secs	BD
Equity Services National Life Drive Montpelier, VT 05604 (802) 229-3900* (local); (800) 233-4332	
Sentinel Balanced Fund	BA
Sentinel Bond Fund	BD
Sentinel Common Stock Fund	ST
Sentinel Growth Fund	ST
Excel Advisors 16955 Via Del Campo Suite 120 San Diego, CA 92127 (619) 485-9400 (local); (800) 783-3444	
Excel Midas Gold Shares & Bullion	ST
Excel Value Fund	ST
Fairfield Group 200 Gibraltar Road Horsham, PA 19044 (800) 222-3429 (local); (800) 441-3885	
St Clair Equity–Capital Growth Fund	ST
Viking Equity Index Fund–General	ST
Fairmont Fund 1346 South Third Street Louisville, KY 40208 (502) 636-5633 (local); (800) 262-9936	
Fairmont Fund	ST
FBL Investment Advisory Svcs 5400 University Avenue West Des Moines, IA 50265 (800) 422-3175 (local); (800) 247-4170	
FBL–Growth Common Stock	ST
Federated Securities Corp Federated Tower Pittsburgh, PA 15222-3779 (412) 288-1900* (local); (800) 245-2423	
American Leaders Fund	ST
Convertible Securities & Income	BA
Federated GNMA Trust	BD
Federated Growth Trust	ST
Federated High Income Securities	BD
Federated High Yield Trust	BD
Federated Income Trust	BD
Federated Intermediate Government	BD
Federated Short-Intermed Govt	BD
Federated Stock & Bond Fund	BA
Federated Stock Trust	ST
Federated Tax-Free Income Fund	MU
Federated Tax-Free Trust	MM
Fortress High Quality Stock Fund	ST
Fortress Utility Trust	ST
FT International	FO
Fund for US Govt Securities	BD
Government Income Securities	BD
Investment Series–High Quality Stk	ST
Liberty US Govt Money Market	MM
Liberty Utility Fund	ST
AT Ohio Tax-Free Money Fund	MM
Salem Funds–Growth	ST
Tax-Free Instruments Trust	MM
Tower–Capital Appreciation	ST
Fidelity Distributors Corp 82 Devonshire Street Boston, MA 02109 (617) 570-6200* (local); (800) 544-6666	
Fidelity Asset Manager	BA
Fidelity Balanced Fund	BA
Fidelity Blue Chip Growth Fund	ST
Fidelity Calif Tax-Free–Insured	MU
Fidelity Calif Tax-Free–High Yield	MU
Fidelity Calif Tax-Free–MM	MM
Fidelity Canada Fund	FO
Fidelity Capital Appreciation	ST
Fidelity Cash Reserves	MM
Fidelity Connecticut Muni–High Yld	MU
Fidelity Contrafund	ST
Fidelity Convertible Securities Fund	BA
Fidelity Daily Income Trust	MM
Fidelity Destiny Portfolio I	ST
Fidelity Destiny Portfolio II	ST
Fidelity Disciplined Equity	ST
Fidelity Equity Income Fund	ST
Fidelity Europe Fund	FO
Fidelity Flexible Bond Fund	BD
Fidelity Freedom Fund	ST
Fidelity Fund	ST
Fidelity Ginnie Mae	BD
Fidelity Global Bond Fund	FO
Fidelity Government Securities Fund	BD
Fidelity Growth & Income	ST
Fidelity Growth Company	ST
Fidelity High Income Fund	BD
Fidelity Intermediate Bond Fund	BD
Fidelity International Growth & Inc	FO
Fidelity Magellan Fund	ST

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*Will accept collect calls

Distributor	Type of fund
Fidelity Mass Tax-Free–High Yield	MU
Fidelity Mass Tax-Free–MM	MM
Fidelity Mortgage Securities	BD
Fidelity New Jersey T-F High Yield	MU
Fidelity New Jersey T-F–MM	MM
Fidelity NY Tax-Free–High Yield	MU
Fidelity NY Tax-Free–Insured	MU
Fidelity NY Tax-Free–Money Market	MM
Fidelity OTC Portfolio	ST
Fidelity Overseas Fund	FO
Fidelity Pacific Basin Fund	FO
Fidelity Plymouth–Growth Oppor	ST
Fidelity Plymouth–Income & Grow	ST
Fidelity Puritan Fund	BA
Fidelity Real Estate Investment	ST
Fidelity Select–Air Transportation	ST
Fidelity Select–American Gold	ST
Fidelity Select–Biotechnology	ST
Fidelity Select–Broadcast & Media	ST
Fidelity Select–Brokerage & Inv	ST
Fidelity Select–Capital Goods	ST
Fidelity Select–Chemicals	ST
Fidelity Select–Computers	ST
Fidelity Select–Electric Utilities	ST
Fidelity Select–Electronics	ST
Fidelity Select–Energy	ST
Fidelity Select–Energy Service	ST
Fidelity Select–Environment Serv	ST
Fidelity Select–Financial Services	ST
Fidelity Select–Food & Agriculture	ST
Fidelity Select–Health Care	ST
Fidelity Select–Industrial Materials	ST
Fidelity Select–Leisure	ST
Fidelity Select–Medical Delivery	ST
Fidelity Select–Money Market	MM
Fidelity Select–Paper & Forest Prod	ST
Fidelity Select–Prec Metals & Mins	ST
Fidelity Select–Prop & Casualty	ST
Fidelity Select–Regional Banks	ST
Fidelity Select–Retailing	ST
Fidelity Select–Savings & Loan	ST
Fidelity Select–Software & Computer	ST
Fidelity Select–Technology	ST
Fidelity Select–Telecommunications	ST
Fidelity Select–Utilities	ST
Fidelity Short-Term Bond	BD
Fidelity Spartan Government Fund	BD
Fidelity Spartan Limited Mat Govt	BD
Fidelity Spartan Money Market Fund	MM
Fidelity Spartan Penn Muni–MM	MM
Fidelity Spartan Penn Muni–High Yld	MU
Fidelity Special Situations–Initial	ST
Fidelity Special Situations–Plymouth	ST
Fidelity State T-F–Michigan High Yld	MU
Fidelity State T-F–Minnesota Hi Yld	MU
Fidelity State T-F–Ohio High Yield	MU
Fidelity Tax-Exempt–Money Market	MM
Fidelity Tax-Free–Aggressive	MU
Fidelity Tax-Free–High Yield	MU
Fidelity Tax-Free–Insured	MU
Fidelity Tax-Free–Ltd Term Munis	MU
Fidelity Tax-Free–Municipal Bond	MU
Fidelity Trend Fund	ST
Fidelity US Government Reserves	MM
Fidelity Utilities Income	ST
Fidelity Value Fund	ST
Fiduciary Management 225 East Mason Street Milwaukee, WI 53202 (414) 226-4556* (local); (800) 338-1579	
Fiduciary Capital Growth Fund	ST
Reynolds Blue Chip Growth Fund	ST

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1-800-GABELLI
1-800-422-3554
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Gabelli & Company, Inc. The Gabelli Value Fund Inc.
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*Lipper Directors' Analytical Data, First Edition 1990

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Home Phone ( ) ______
(95) FBGO-246

THE Vanguard GROUP OF INVESTMENT COMPANIES

Fund Distributors

Distributor	Type of fund
Financial Programs PO Box 2040 Denver, CO 80201 (303) 779-1233 (local); (800) 525-8085	
Financial Bond Shs–Select Income	BD
Financial Dynamics Fund	ST
Financial Industrial Fund	ST
Financial Industrial Income Fund	ST
Financial Strategic–Energy	ST
Financial Strategic–European	FO
Financial Strategic–Gold	ST
Financial Strategic–Health Science	ST
Financial Strategic–Leisure	ST
Financial Strategic–Pacific Basin	FO
Financial Strategic–Technology	ST
Financial Strategic–Utilities	ST
Financial Tax-Free Income Shares	MU
First Eagle Fund of America 45 Broadway New York, NY 10006 (212) 943-9200* (local); (800) 451-3623	
First Eagle Fund of America	ST
First Investors Management Co 10 Woodbridge Center Drive Woodbridge, NJ 07095 (212) 208-6000 (local); (800) 423-4026	
First Investors Blue Chip	ST
First Investors Fund for Income	BD
First Investors Global Fund	FO
First Investors Government Fund	BD
First Investors High Yield Fund	BD
First Investors Insured Tax-Exempt	MU
First Investors M-S Insured T-F–NJ	MU
First Investors NY Insured T-F	MU
Flagship Financial One First National Plaza Suite 910 Dayton, OH 45402 (800) 354-7447 (local); (800) 227-4648	
Flagship Tax-Exempt–Ariz Double	MU
Flagship Tax-Exempt–Conn Double	MU
Flagship Tax-Exempt–Ga Double	MU
Flagship Tax-Exempt–Kent Triple	MU
Flagship Tax-Exempt–Mich Triple	MU
Flagship Tax-Exempt–NC Triple	MU
Flagship Tax-Exempt–Ohio Double	MU
Flagship Tax-Exempt–Penn Triple	MU
Flagship Tax-Exempt–Tenn Double	MU
Flagship Tax-Exempt–Va Double	MU
Flex Funds PO Box 7177 Dublin, OH 43017 (614) 766-7000* (local); (800) 325-3539	
Flex-funds–Growth Fund	ST
Flex-funds–Muirfield Fund	ST
Founders Asset Management 3033 East First Avenue Suite 810 Denver, CO 80206 (303) 394-4404 (local); (800) 525-2440	
Founders Blue Chip	ST
Founders Equity Income Fund	ST
Founders Frontier Fund	ST
Founders Growth Fund	ST
Founders Special Fund	ST
Frank Russell Company 909 A Street 6th Floor Tacoma, WA 98402 (800) 235-4331	
Laurel Fund–Stock	ST
Franklin Distributors 777 Mariner's Island Boulevard 6th Floor San Mateo, CA 94404-1585 (800) 342-5236 (local); (800) 632-2180	
Franklin Adjustable US Govt Secs	BD
Franklin AGE High Income Fund	BD
Franklin Alabama Tax-Free Income	MU
Franklin Arizona Tax-Free Income	MU
Franklin Calif Insured Tax-Free Inc	MU
Franklin Calif Tax-Exempt Money	MM
Franklin Calif Tax-Free Income	MU
Franklin Colorado Tax-Free Income	MU
Franklin Connecticut Tax-Free Inc	MU
Franklin Convertible Securities Fund	BA
Franklin DynaTech Fund	ST
Franklin Equity Fund	ST
Franklin Federal Tax-Free Income	MU
Franklin Florida Tax-Free Income	MU
Franklin Gold Fund	FO
Franklin Growth Fund	ST
Franklin High Yield Tax-Free Income	MU
Franklin Income Fund	BA
Franklin Insured Tax-Free Income	MU
Franklin Managed Rising Dividends	ST
Franklin Mass Insured Tax-Free Inc	MU
Franklin Mich Insured Tax-Free Inc	MU
Franklin Minn Insured Tax-Free Inc	MU
Franklin Missouri Tax Free Income	MU
Franklin Money Fund	MM
Franklin New Jersey Tax-Free Income	MU
Franklin New York Tax-Ex Money	MM
Franklin New York Tax-Free Income	MU
Franklin North Carolina Tax-Free Inc	MU
Franklin Ohio Insured Tax-Free Inc	MU
Franklin Option Fund	ST
Franklin Oregon Tax-Free Income	MU
Franklin Pennsylvania Tax-Free Inc	MU
Franklin PR Tax-Free Income Fund	MU
Franklin Special Equity Income	ST
Franklin Tax-Exempt Money Fund	MM
Franklin US Government Securities	BD
Franklin Utilities Fund	ST
Franklin Virginia Tax-Free Income	MU
Freedom Capital Management Corp One Beacon Street 4th Floor Boston, MA 02108 (800) 392-6037 (local); (800) 225-6258	
Freedom Cash Management	MM
Freedom Inv–Equity Value	ST
Freedom Inv–Gold & Government	ST
Freedom Inv–Government Income	BD
Freedom Inv–Managed Tax-Exempt	MU
Freedom Inv–Regional Bank	ST
Freedom Inv II–Global Fund	FO
Freedom Inv II–Global Income	FO
Freedom Tax-Exempt Money	MM
Tocqueville Fund	ST
Fundamental Services 111 Broadway Suite 1107 New York, NY 10006 (212) 608-6864* (local); (800) 225-6864	
New York Muni Fund	MU
Furman Selz Mager Dietz & Birney 230 Park Avenue New York, NY 10169 (212) 309-8400* (local); (800) 845-8406	
FFB Funds–Cash Management	MM
FFB Funds–Tax-Free Money Market	MM
Olympus Equity Plus Fund	ST
Olympus Premium Income	ST
Olympus Tax-Exempt California	MU
Gabelli & Company PO Box 1634 Grand Central Station New York, NY 10163 (212) 490-3670 (local); (800) 422-3554	
Gabelli Asset Fund	ST
Gabelli Growth Fund	ST
GAM Funds 135 East 57th Street New York, NY 10022 (212) 888-4200* (local); (800) 327-6143	
GAM Global Fund	FO
GAM International Fund	FO
GAM Pacific Basin Fund	FO
Gateway Investment Advisers PO Box 458167 Cincinnati, OH 45245 (513) 248-2700* (local); (800) 354-6339	
Gateway Growth Plus Fund	ST
Gateway Index Plus Fund	ST
Gintel & Co 6 Greenwich Office Park Greenwich, CT 06831 (203) 622-6400 (local); (800) 243-5808	
Gintel Capital Appreciation Fund	ST
Gintel Erisa Fund	ST
Gintel Fund	ST
GIT Investment Services 1655 North Fort Myer Drive Arlington, VA 22209 (703) 528-6500 (local); (800) 336-3063	
GIT Equity Trust–Special Growth	ST
Gradison & Co 580 Walnut Street Cincinnati, OH 45202 (800) 869-5999 (local); (800) 869-5666	
Gradison Cash Reserves Trust	MM
Gradison Established Growth Fund	ST
Gradison Opportunity Growth Fund	ST
Greenspring Fund Suite 322, The Quadrangle Village of Cross Keys Baltimore, MD 21210 (301) 435-9000*	
Greenspring Fund	ST

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Distributor	Type of fund
Growth Industry Shares 135 South LaSalle Street Chicago, IL 60603 (312) 346-4830 (local); (800) 635-2886	
Growth Industry Shares	ST
GT Global Financial Services 50 California Street 27th Floor San Francisco, CA 94111-4624 (415) 392-6181* (local); (800) 824-1580	
GT Global Growth–America	ST
GT Global Growth–Europe	FO
GT Global Growth–Intl	FO
GT Global Growth–Japan	FO
GT Global Growth–Pacific	FO
GT Global Growth–Worldwide	FO
GT Investment–Global Bond	FO
GT Investment–Global Govt Income	BD
Guardian Investor Services Corp 201 Park Avenue South New York, NY 10003 (800) 221-3253	
Guardian Park Ave Fund	ST
John Hancock Advisors 101 Huntington Avenue 10th Floor Boston, MA 02199 (617) 375-1800 (local); (800) 225-5291	
John Hancock Bond Trust	BD
John Hancock Global Trust	FO
John Hancock Growth Trust	ST
John Hancock Special Equities Trust	ST
John Hancock Tax-Exempt Income	MU
John Hancock US Govt Guar Mort	BD
John Hancock US Govt Securities	BD
John Hancock World–Pac Basin Eq	FO
Hartwell Funds 230 Park Avenue 13th Floor New York, NY 10169 (212) 309-8400* (local); (800) 624-3863	
Hartwell Emerging Growth	ST
Hartwell Growth Fund	ST
HCA Securities One SeaGate Toledo, OH 43666 (419) 247-2477 (local); (800) 422-1050	
Harbor Capital Appreciation	ST
Harbor Growth Fund	ST
Harbor International	FO
Harbor Value	ST
Heine Management Group PO Box 830 Westport, CT 06881 (800) 522-2564 (local); (800) 422-2564	
LMH Fund	ST
Heine Securities 51 John F Kennedy Parkway Short Hills, NJ 07078 (201) 912-2100* (local); (800) 448-3863	
Mutual Series Fund–Beacon	ST
Mutual Series Fund–Mutual Shares	ST
Mutual Series Fund–Qualified	ST

Distributor	Type of fund
Heritage Asset Management 880 Carillon Parkway St Petersburg, FL 33716 (813) 573-8143 (local); (800) 421-4184	
Heritage Capital Appreciation	ST
Heritage Cash Trust	MM
Heritage Income–Growth Trust	BA
Wayne Hummer & Co 175 West Jackson Boulevard Chicago, IL 60604 (800) 972-5566 (local); (800) 621-4477	
Wayne Hummer Growth Fund	ST
Huntington Investments 251 South Lake Avenue Suite 600 Pasadena, CA 91101 (818) 440-9688* (local); (800) 232-3310	
Huntington CPI+ Fund	BA
International Cash–Global	FO
IAI Funds PO Box 357 Minneapolis, MN 55440 (612) 371-2884	
IAI Apollo	ST
IAI Bond Fund	BD
IAI International Fund	FO
IAI Regional Fund	ST
IAI Stock Fund	ST
Idex Management PO Box 9015 Clearwater, FL 34618 (813) 585-6565 (local); (800) 237-3055	
IDEX Fund	ST
IDEX II	ST
IDEX Fund 3	ST
IDS Financial Services IDS Tower 10 Minneapolis, MN 55440 (612) 372-3733 (local); (800) 328-8300	
IDS Bond Fund	BD
IDS California Tax-Exempt Fund	MU
IDS Cash Management Fund	MM
IDS Discovery Fund	ST
IDS Equity Plus	ST
IDS Extra Income Fund	BD
IDS Federal Income Fund	BD
IDS Growth Fund	ST
IDS High Yield Tax-Exempt Fund	MU
IDS Insured Tax-Exempt Fund	MU
IDS International Fund	FO
IDS Managed Retirement Fund	ST
IDS Michigan Tax-Exempt Fund	MU
IDS Minnesota Tax-Exempt Fund	MU
IDS Mutual	BA
IDS New Dimensions Fund	ST
IDS New York Tax-Exempt Fund	MU
IDS Precious Metals Fund	FO
IDS Progressive Fund	ST
IDS Selective Fund	BD
IDS Stock Fund	ST
IDS Strategy–Aggressive Equity	ST
IDS Strategy–Equity	ST
IDS Strategy–Income	BD
IDS Strategy–Pan Pacific Growth	FO
IDS Tax-Exempt Bond Fund	MU
IDS Tax-Free Money Fund	MM
IDS Utilities Income	ST

Distributor	Type of fund
Investment Trust of Boston 399 Boylston Street Boston, MA 02117 (617) 578-1388* (local); (800) 888-4823	
Inv Trust of Boston–Growth Opport	ST
Inv Trust of Boston–Mass T-F	MU
Investors Security Co 110 Bank Street Suffolk, VA 23434 (804) 539-2396*	
Old Dominion Investors' Trust	ST
Ivy Fund 40 Industrial Park Road Hingham, MA 02043 (617) 749-1416 (local); (800) 235-3322	
Ivy Growth Fund	ST
Ivy Growth with Income Fund	ST
Ivy International Fund	FO
Janus Capital 100 Fillmore Street Suite 300 Denver, CO 80206 (800) 525-3713	
Janus Fund	ST
Janus Twenty Fund	ST
Janus Venture Fund	ST
Jefferson-Pilot Investor Services PO Box 22086 Greensboro, NC 27420 (919) 691-3453 (local); (800) 458-4498	
JP Growth Fund	ST
Jones & Babson 2440 Pershing Road Kansas City, MO 64108 (816) 471-5200* (local); (800) 422-2766	
Babson Bond Trust–Long-Term	BD
Babson Enterprise Fund	ST
Babson Growth Fund	ST
Babson-Stewart Ivory International	FO
Babson Value Fund	ST
Shadow Stock Fund	ST
UMB Bond Fund	BD
UMB Stock Fund	ST

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Fund Distributors

Distributor	Type of fund
Edward D Jones & Co	
201 Progress Parkway	
Maryland Heights, MO 63043	
(314) 851-2000*	
ED Jones Daily Passport Cash Trust	**MM**
Kaufmann Fund	
17 Battery Place	
Suite 2624	
New York, NY 10004	
(212) 344-2661 (local); (800) 237-0132	
Kaufmann Fund	**ST**
Keffer Capital Management	
465 Congress Street	
Portland, ME 04101	
(207) 879-1900	
Warburg International Fund	**FO**
Kemper Financial Services	
120 South LaSalle Street	
Chicago, IL 60603	
(312) 781-1121* (local); (800) 621-1048	
Cash Equivalent Fund–Govt	**MM**
Cash Equivalent Fund–MM	**MM**
Cash Equivalent Fund–T-E MM	**MM**
Investment Portfolios–Divers Inc	**BD**
Investment Portfolios–Equity	**ST**
Investment Portfolios–Govt	**BD**
Investment Portfolios–High Yield	**BD**
Investment Portfolios–Total Return	**BA**
Kemper Blue Chip Fund	**ST**
Kemper California Tax-Free Income	**MU**
Kemper Diversified Income Fund	**BD**
Kemper Gold Fund	**ST**
Kemper Growth Fund	**ST**
Kemper High Yield Fund	**BD**
Kemper Income & Capital Preserv	**BD**
Kemper International Fund	**FO**
Kemper Money Market–Govt Secs	**MM**
Kemper Money Market–MM	**MM**
Kemper Money Market–Tax-Exempt	**MM**
Kemper Municipal Bond Fund	**MU**
Kemper New York Tax-Free Fund	**MU**
Kemper Summit Fund	**ST**
Kemper Technology Fund	**ST**
Kemper Total Return Fund	**BA**
Kemper US Government Securities	**BD**
Tax-Exempt California MM	**MM**
Keystone Distributors	
99 High Street	
Boston, MA 02110	
(617) 338-3200 (local); (800) 343-2898	
Keystone America Equity Income	**ST**
Keystone America Fund of Grow Stk	**ST**
Keystone America Omega	**ST**
Keystone America Tax-Free Income	**MU**
Keystone Custodian B-1	**BD**
Keystone Custodian B-2	**BD**
Keystone Custodian B-4	**BD**
Keystone Custodian K-1	**BA**
Keystone Custodian K-2	**ST**
Keystone Custodian S-1	**ST**
Keystone Custodian S-3	**ST**
Keystone Custodian S-4	**ST**
Keystone International Fund	**FO**
Keystone Precious Metals	**FO**
Keystone Tax-Exempt Trust	**MU**
Keystone Tax-Free Fund	**MU**

Distributor	Type of fund
Kidder, Peabody & Co	
20 Exchange Place	
New York, NY 10005	
(212) 510-5351*	
Kidder, Peabody California T-E MM	**MM**
Kidder, Peabody Equity Income	**ST**
Kidder, Peabody Government Income	**BD**
Kidder, Peabody Premium Account	**MM**
Kidder, Peabody Special Growth Fund	**ST**
Kidder, Peabody Tax-Exempt MM	**MM**
Kidder, Peabody MarketGuard I	**ST**
Webster Cash Reserve Fund	**MM**
Kleinwort Benson	
200 Park Avenue	
24th Floor	
New York, NY 10166	
(212) 687-2515 (local); (800) 237-4218	
Kleinwort Benson–Intl Equity	**FO**
Landmark Funds Broker Dealer Services	
6 St James Avenue	
9th Floor	
Boston, MA 02116	
(617) 423-1679* (local); (800) 223-4447	
Landmark Capital Growth Fund	**ST**
Landmark Growth & Income Fund	**ST**
Landmark New York T-F Income	**MU**
Landmark New York T-F Reserves	**MM**
Landmark Tax-Free Reserves	**MM**
Legg Mason Wood Walker	
111 South Calvert Street	
21st Floor	
Baltimore, MD 21202	
(301) 539-3400 (local); (800) 822-5544	
Legg Mason Cash Reserve Trust	**MM**
Legg Mason Special Investment Trust	**ST**
Legg Mason Tax-Exempt Trust	**MM**
Legg Mason Total Return Trust	**ST**
Legg Mason Value Trust	**ST**
Lepercq-Istel Trust	
1675 Broadway	
16th Floor	
New York, NY 10019	
(212) 698-0700	
Lepercq-Istel Fund	**ST**
Lexington Management Corp	
PO Box 1515	
Park 80 West Plaza II	
Saddle Brook, NJ 07662	
(201) 845-7300* (local); (800) 526-0057	
Lexington Corp Leaders Trust Fund	**ST**
Lexington Global Fund	**FO**
Lexington GNMA Income Fund	**BD**
Lexington Goldfund	**ST**
Lexington Growth Fund	**ST**
Lexington Research Fund	**ST**
Lexington Technical Strategy Fund	**ST**
Liberty Securities	
600 Atlantic Avenue	
Boston, MA 02210-2214	
(800) 542-3863	
Liberty Advantage US Govt Secs	**BD**

Distributor	Type of fund
Lieber & Co	
2500 Westchester Avenue	
Purchase, NY 10577	
(914) 694-2020* (local); (800) 235-0064	
Evergreen American Retirement	**ST**
Evergreen Fund	**ST**
Evergreen Global Real Estate	**ST**
Evergreen Limited Market Fund	**ST**
Evergreen Tax Exempt MM	**MM**
Evergreen Tax Exempt MM–Calif	**MM**
Evergreen Total Return Fund	**ST**
Evergreen Value Timing Fund	**ST**
Lincoln Investment Planning	
218 Glenside Avenue	
Wyncote, PA 19095-1595	
(800) 242-1421	
Rightime Fund	**ST**
Rightime Fund Blue Chip	**ST**
Rightime Fund Growth	**ST**
Lindner Management Corp	
PO Box 11208	
St Louis, MO 63105	
(314) 727-5305	
Lindner Dividend Fund	**ST**
Lindner Fund	**ST**
Lord Abbett & Co	
767 Fifth Avenue	
11th Floor	
New York, NY 10153-0203	
(800) 821-5129 (local); (800) 223-4224	
Affiliated Fund	**ST**
Lord Abbett Bond-Debenture Fund	**BD**
Lord Abbett California Tax-Free Inc	**MU**
Lord Abbett Developing Growth	**ST**
Lord Abbett Fundamental Value	**ST**
Lord Abbett Global Fund–Equity	**FO**
Lord Abbett Tax-Free–National	**MU**
Lord Abbett Tax-Free–New York	**MU**
Lord Abbett Tax-Free–Texas	**MU**
Lord Abbett US Government Secs	**BD**
Lord Abbett Value Appreciation	**ST**
Lutheran Brotherhood Securities	
625 Fourth Avenue South	
Minneapolis, MN 55415	
(800) 752-4208 (local); (800) 328-4552	
Lutheran Brotherhood Fund	**ST**
Lutheran Brotherhood High Yield	**BD**
Lutheran Brotherhood Income Fund	**BD**
Lutheran Brotherhood Muni Bond	**MU**
Mackenzie Investment Management	
PO Box 5007	
Boca Raton, FL 33431	
(800) 456-5111	
Mackenzie American Fund	**ST**
Mackenzie Canada Fund	**FO**
Mackenzie Growth and Income Fund	**BA**
Mackenzie No Amer Total Return	**BA**
Madison Investment Advisors	
6411 Mineral Point Road	
Madison, WI 53705	
(608) 273-2020* (local); (800) 767-0300	
Bascom Hill Balanced Fund	**BA**
Bascom Hill Investors	**ST**

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Distributor	Type of fund
Mairs & Power West-2062 First National Bank Building St Paul, MN 55101 (612) 222-8478	
Mairs & Power Growth Fund	ST
Mairs & Power Income Fund	ST
Horace Mann Growth Fund PO Box 4657 Springfield, IL 62708-4657 (217) 789-2500 (local); (800) 999-1030	
Horace Mann Growth Fund	ST
Massachusetts Financial Services PO Box 2281 Boston, MA 02107 (617) 954-5000* (local); (800) 225-2606	
Mass Capital Development Fund	ST
Mass Cash Management–Prime	MM
Mass Financial Bond Fund	BD
Mass Financial Development Fund	ST
Mass Financial Emerging Growth	ST
Mass Financial High Income–Series I	BD
Mass Financial International-Bond	FO
Mass Financial Special Fund	ST
Mass Financial Total Return Trust	BA
Mass Investors Growth Stock Fund	ST
Mass Investors Trust	ST
MFS Government Guaranteed Secs	BD
MFS Government Income Plus	BD
MFS Government Premium Account	BD
MFS Lifetime Capital Growth Trust	ST
MFS Lifetime Emerging Growth	ST
MFS Lifetime Global Equity Trust	FO
MFS LIfetime Gold & Prec Met	FO
MFS Lifetime Government Inc Plus	BD
MFS Lifetime High Income Trust	BD
MFS Lifetime Managed Muni Bond	MU
MFS Lifetime Managed Sectors Trust	ST
MFS Lifetime Total Return Trust	ST
MFS Managed California Muni Bond	MU
MFS Managed High Yield Muni Bond	MU
MFS Managed M-S Tax-Ex–Md	MU
MFS Managed M-S Tax-Ex–Mass	MU
MFS Managed M-S Tax-Ex–NY	MU
MFS Managed M-S Tax-Ex–NC	MU
MFS Managed M-S Tax-Ex–SC	MU
MFS Managed M-S Tax-Ex–Tenn	MU
MFS Managed M-S Tax-Ex–Va	MU
MFS Managed M-S Tax-Ex–W Va	MU
MFS Managed Muni Bond Trust	MU
MFS Managed Sectors Trust	ST
Mathematical Investment System 4500 Rockside Road Suite 440 Cleveland, OH 44131-6809 (216) 642-3000 (local); (800) 233-1240	
MIM Stock Convert & Option Growth	ST
MIM Stock Convert & Option Income	ST
Mathers Fund 100 Corporate North Suite 201 Bannockburn, IL 60015 (708) 295-7400 (local); (800) 962-3863	
Mathers Fund	ST

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THE Vanguard GROUP OF INVESTMENT COMPANIES

Fund Distributors

Distributor	Type of fund
Meeschaert & Co 28 Hill Farm Road St Johnsbury, VT 05819 (802) 748-2400	
Meeschaert Capital Accumulation	ST
Meridian Fund 60 East Sir Francis Drake Blvd Suite 306 Larkspur, CA 94939 (800) 445-5553 (local); (800) 446-6662	
Meridian Fund	ST
Merrill Lynch Funds Boston One Financial Center 15th Floor Boston, MA 02111 (617) 357-1460 (local); (800) 225-1576	
Merrill Lynch Government Fund	MM
Merrill Lynch Institutional Fund	MM
Merrill Lynch Funds Distributor PO Box 9011 Princeton, NJ 08543-9011 (609) 282-2800* (local); (800) 637-3863	
Merrill Lynch Basic Value Fund	ST
Merrill Lynch Calif Muni Bond	MU
Merrill Lynch Capital Fund	ST
Merrill Lynch Corp–High Income	BD
Merrill Lynch Corp–High Quality	BD
Merrill Lynch Corp–Intermediate	BD
Merrill Lynch Equi-Bond I Fund	BA
Merrill Lynch EuroFund	FO
Merrill Lynch Federal Securities	BD
Merrill Lynch Fund for Tomorrow	ST
Merrill Lynch Global Alloc Fund	FO
Merrill Lynch Global Convertible	FO
Merrill Lynch Intl Holdings	FO
Merrill Lynch Muni–High Yield	MU
Merrill Lynch Muni–Insured	MU
Merrill Lynch Muni–Ltd Maturity	MU
Merrill Lynch Municipal Income	MU
Merrill Lynch Natural Res	ST
Merrill Lynch NY Muni Bond	MU
Merrill Lynch Pacific Fund	FO
Merrill Lynch Phoenix Fund	BA
Merrill Lynch Ready Assets Trust	MM
Merrill Lynch Retire Benefit Inv	BA
Merrill Lynch Retire Equity	ST
Merrill Lynch Retire Global Bond	FO
Merrill Lynch Retire/Income Fund	BD
Merrill Lynch Retire Reserves Money	MM
Merrill Lynch Special Value	ST
Merrill Lynch Strategic Div	ST
Sci/Tech Holdings	ST
Summit Cash Reserves Fund	MM

Distributor	Type of fund
Merrill Lynch, Pierce, Fenner & Smith One Liberty Plaza 165 Broadway New York, NY 10080 (212) 449-8415	
CBA Money Fund	MM
CMA Calif Tax-Exempt	MM
CMA Government Securities Fund	MM
CMA Money Fund	MM
CMA New York Tax-Exempt	MM
CMA Tax-Exempt Fund	MM
Merriman Investment Trust 1200 Westlake Avenue, North Suite 700 Seattle, WA 98109 (206) 285-8877 (local); (800) 423-4893	
Merriman Timed Asset Allocation	BA
Merriman Timed Blue Chip Fund	ST
Merriman Timed Capital Apprec	ST
Mesirow Investment Services 350 North Clark Street Chicago, IL 60610 (312) 670-6035 (local); (800) 458-5222	
Skyline Fund–Balanced	BA
Skyline Fund–Special Equities	ST
MetLife State Street Investment One Financial Center 30th Floor Boston, MA 02111 (617) 348-2000 (local); (800) 882-0052	
MetLife-State Street Cap Apprec	ST
MetLife-State Street Equity Income	ST
MetLife-State Street Equity Inv	ST
MetLife-State Street Government Inc	BD
MetLife-State Street High Income	BD
MetLife-State Street Managed Assets	BA
State Street Investment Trust	ST
MGF Distributors 700 Dixie Terminal Building Cincinnati, OH 45202 (513) 629-2000 (local); (800) 543-8721	
Midwest Group Tax-Free–Ohio MM	MM
Midwest Income–Intermediate Govt	BD
Midwest Strategic Trust–Growth	ST
MidAmerica Management 4333 Edgewood Road NE Cedar Rapids, IA 52499 (800) 288-2346 (local); (800) 288-2346	
MidAmerica High Growth Fund	ST
MidAmerica Mutual Fund	ST
Mimlic Sales Corp 400 North Robert Street St Paul, MN 55101 (800) 443-3677	
Mimlic Asset Allocation Fund	BA
Mimlic Investors Fund I	ST

Distributor	Type of fund
MML Investor Services 1350 Main Street Springfield, MA 01103 (800) 854-9100 (local); (800) 542-6767	
MassMutual Integrity–Balanced Fund	BA
MassMutual Integrity–Cap Apprec	ST
MassMutual Integrity–Value Stock	ST
Morgan Keegan & Co 50 North Front Street Memphis, TN 38103 (901) 524-4100 (local); (800) 366-7426	
Morgan Keegan Southern Capital	ST
Murphey Favre West 601 Riverside Avenue Spokane, WA 99201 (509) 353-3550 (local); (800) 543-8072	
Composite Bond & Stock Fund	BA
Composite Growth Fund	ST
Composite Income Fund	BD
Composite Northwest 50 Fund	ST
Composite Tax-Exempt Bond Fund	MU
Mutual Benefit Financial Services Co 520 Broad Street Newark, NJ 07101 (201) 481-8000* (local); (800) 333-4726	
Mutual Benefit Fund	ST
Mutual of Omaha Fund Management 10235 Regency Circle Omaha, NE 68114 (800) 642-8112 (local); (800) 228-9596	
Mutual of Omaha America Fund	BD
Mutual of Omaha Growth Fund	ST
Mutual of Omaha Income Fund	BA
Mutual of Omaha Tax-Free Income	MU
National Financial Data Service PO Box 26070 Kansas City, MO 64196-7070 (816) 435-1700 (local); (800) 225-8011	
Neuwirth Fund	ST
Pine Street Fund	ST
Winthrop Focus Funds–Growth	ST
National Securities & Research Corp 2 Pickwick Plaza Greenwich, CT 06830 (203) 863-5600* (local); (800) 223-7757	
California Tax-Exempt Bonds	MU
National Aggressive Growth Fund	ST
National Bond Fund	BD
National Federal Securities Trust	BD
National Real Estate Stock Fund	ST
National Stock Fund	ST
National Strategic Allocation Fund	BA
National Total Income Fund	BA
National Total Return Fund	BA

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Distributor	Type of fund
Nationwide Financial Services One Nationwide Plaza Columbus, OH 43216 (800) 848-0920	
Nationwide Bond Fund	BD
Nationwide Fund	ST
Nationwide Growth Fund	ST
Nationwide Money Market Fund	MM
Neuberger & Berman Management 342 Madison Avenue New York, NY 10173 (212) 850-8300* (local); (800) 877-9700	
Neuberger & Berman Genesis Fund	ST
Neuberger & Berman Guardian Fund	ST
Neuberger & Berman Ltd Mat Bond	BD
Neuberger & Berman Manhattan	ST
Neuberger & Berman Muni Money	MM
Neuberger & Berman Partners Fund	ST
Neuberger & Berman Sectors + Energy	ST
New England Securities 399 Boylston Street Boston, MA 02116 (617) 267-6600 (local); (800) 343-7104	
CGM Capital Development Fund	ST
CGM Mutual Fund	BA
New England Balanced Fund	ST
New England Bond Income Fund	BD
New England Cash Mgmt–MM	MM
New England Government Securities	BD
New England Growth Fund	ST
New England Retirement Equity	ST
New England Tax-Exempt Income	MU
Newton Fund PO Box 1348 Milwaukee, WI 53201 (414) 347-1141 (local); (800) 242-7229	
Newton Growth Fund	ST
Nicholas Co 700 North Water Street Milwaukee, WI 53202 (414) 272-6133	
Nicholas Fund	ST
Nicholas II	ST
Nicholas Income Fund	BD
Nicholas Limited Edition	ST
Noddings and Associates Two MidAmerica Plaza Suite 920 Oakbrook Terrace, IL 60181 (708) 954-1322* (local); (800) 544-7785	
Noddings Convertible Strategies	BA

Distributor	Type of fund
Nomura Capital Management 180 Maiden Lane 29th Floor New York, NY 10038 (212) 208-9300 (local); (800) 833-0018	
Nomura Pacific Basin Fund	FO
Northeast Investors Trust 50 Congress Street 10th Floor, Room 1000 Boston, MA 02109 (617) 523-3588 (local); (800) 225-6704	
Northeast Investors Growth	ST
Northeast Investors Trust	BD
John Nuveen & Co 333 West Wacker Drive Chicago, IL 60606 (312) 917-7844* (local); (800) 621-7227	
Nuveen California T-F–Ins Bond	MU
Nuveen California T-F–MM	MM
Nuveen California T-F–Spec Bond	MU
Nuveen Insured Tax-Free Bond–Natl	MU
Nuveen Insured Tax-Free Bond–NY	MU
Nuveen Municipal Bond Fund	MU
Nuveen Tax-Exempt Money Market	MM
Nuveen Tax-Free Bond–New York	MU
Nuveen Tax-Free Bond–Ohio	MU
Nuveen Tax-Free MM–Mass	MM
Nuveen Tax-Free MM–New York	MM
Nuveen Tax-Free Reserves	MM
NYLife Securities 51 Madison Avenue Room 2404 New York, NY 10010 (800) 522-4202	
MainStay–Capital Appreciation	ST
MainStay–Convertible Fund	BA
MainStay–Global Fund	FO
MainStay–Gold & Precious Metal	ST
MainStay–Government Plus	BD
MainStay–High Yield Corp Bond	BD
MainStay–Tax-Free Bond	MU
MainStay–Total Return Fund	BA
MainStay–Value Fund	ST

Distributor	Type of fund
Oberweis Emerging Growth 841 North Lake Street Aurora, IL 60506 (800) 942-0850 (local); (800) 323-6166	
Oberweis Emerging Growth	ST
Olympic Trust 800 West Sixth Street Suite 540 Los Angeles, CA 90017 (213) 623-7833 (local); (800) 346-7301	
Olympic Trust–Balanced Income	BA
Olympic Trust–Equity Income	ST
Olympic Trust–Small Cap Fund	ST
Oppenheimer Fund Management PO Box 300 Denver, CO 80201 (303) 671-3200 (local); (800) 525-7048	
Advance America–Equity Income	ST
Champion High Yield Fund	ST
Main Street–Income & Growth	ST
Oppenheimer Asset Allocation Fund	BA
Oppenheimer Blue Chip Fund	ST
Oppenheimer California Tax-Exempt	MU
Oppenheimer Directors Fund	ST
Oppenheimer Discovery Fund	ST
Oppenheimer Equity Income Fund	ST
Oppenheimer Fund	ST
Oppenheimer Global Bio-Tech Fund	FO
Oppenheimer Global Fund	FO
Oppenheimer Gold & Special Mins	ST
Oppenheimer High Yield Fund	BD
Oppenheimer Money Market Fund	MM
Oppenheimer New York Tax-Exempt	MU
Oppenheimer Ninety Ten Fund	BA
Oppenheimer Premium Income	ST
Oppenheimer Regency Fund	ST
Oppenheimer Special Fund	ST
Oppenheimer Target Fund	ST
Oppenheimer Tax-Free Bond Fund	MU
Oppenheimer Time Fund	ST
Oppenheimer Total Return Fund	ST
Oppenheimer US Government Trust	BD
Overland Express PO Box 63084 Suite 721 San Francisco, CA 94163 (800) 552-9612	
Overland Express Asset Allocation	BA
Overland Express Calif Tax Free	MU
Overland Express Tax Free MM	MM
Pacific Financial Research 9601 Wilshire Boulevard Suite 828 Beverly Hills, CA 90210 (213) 278-5033*	
Clipper Fund	ST

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Fund Distributors

Distributor	Type of fund
PaineWebber 1000 Harbor Boulevard Prospectus Department, 1st Floor Weehawken, NJ 07087 (201) 902-7341	
PaineWebber Asset Allocation	BA
PaineWebber Calif Tax-Exempt Inc	MU
PaineWebber Cashfund	MM
PaineWebber Classic Growth & Inc	ST
PaineWebber Classic Atlas Fund	FO
PaineWebber Classic Growth Fund	ST
PaineWebber Classic World	FO
PaineWebber Fixed Inc–GNMA	BD
PaineWebber Fixed Inc–High Yield	BD
PaineWebber Fixed Inc–Invest Grade	BD
PaineWebber Master Energy-Utility	ST
PaineWebber Master Global Income	FO
PaineWebber Master Growth	ST
PaineWebber Master Income	BD
PaineWebber RMA–CA Muni Money	MM
PaineWebber RMA–Money Market	MM
PaineWebber RMA–NY Muni Money	MM
PaineWebber RMA–Retirement	MM
PaineWebber RMA–Tax-Free	MM
PaineWebber Tax-Exempt Income	MU
Pallas Financial Corporation 2325 Crestmoor Road Suite P200 Nashville, TN 37215 (615) 298-1000 (local), (800) 251-1970	
Monitrend Value Fund	ST
Paribas Asset Management 787 Seventh Avenue 30th Floor New York, NY 10019 (212) 841-3245*	
Paribas Trust–Quantus Equity	ST
Parnassus Financial Management 244 California Street San Francisco, CA 94111 (415) 362-3505* (local), (800) 999-3505	
Parnassus Fund	ST
Pasadena Group of Mutual Funds 600 North Rosemead Boulevard Pasadena, CA 91107-2101 (818) 351-9686* (local), (800) 882-2855	
Pasadena Growth Fund	ST
Pax World Fund 224 State Street Portsmouth, NH 03801 (603) 431-8022 (local), (800) 767-1729	
Pax World Fund	BA
Penn Square Management 2650 Westview Drive Wyomissing, PA 19610 (800) 222-7506 (local), (800) 523-8440	
Penn Square Mutual Fund	ST
Pennsylvania Mutual Fund 1414 Avenue of the Americas New York, NY 10019 (212) 355-7311 (local), (800) 221-4268	
Pennsylvania Mutual Fund	ST
Permanent Portfolio PO Box 5847 Austin, TX 78763 (512) 453-7558 (local), (800) 531-5142	
Permanent Portfolios–Permanent	BA
Permanent Portfolios–Treasury Bill	BD
Perritt Investments 680 North Lake Shore Drive Tower Suite 2038 Chicago, IL 60611 (312) 649-6940 (local), (800) 338-1579	
Perritt Capital Growth	ST
GR Phelps & Co 140 Garden Street MS 305 Hartford, CT 06154 (203) 293-5090* (local), (800) 322-2642	
Connecticut Mutual–Growth	ST
Connecticut Mutual–Total Return	BA
Phoenix Equity Planning Corp 100 Bright Meadow Boulevard Enfield, CT 06082-1989 (203) 278-8050* (local), (800) 243-4361	
Phoenix Balanced Fund	BA
Phoenix Convertible Fund	BA
Phoenix Growth Fund	ST
Phoenix High Yield Fund	BD
Phoenix Stock Fund	ST
Phoenix Total Return	ST
Pilgrim Group 10100 Santa Monica Boulevard 21st Floor Los Angeles, CA 90067-4112 (213) 551-5440 (local), (800) 336-3436	
Pilgrim GNMA Fund	BD
Pilgrim High Yield Trust	BD
Pilgrim MagnaCap Fund	ST
Pioneer Group 60 State Street Boston, MA 02109-1975 (617) 742-7825* (local), (800) 225-6292	
Pioneer Bond Fund	BD
Pioneer Fund	ST
Pioneer II	ST
Pioneer Three	ST
Piper Capital Management Piper Jaffray Tower 222 South 9th Street Minneapolis, MN 55402 (612) 342-6384 (local), (800) 333-6000	
Piper Jaffray Balanced Fund	BA
Piper Jaffray Minnesota Tax-Exempt	MU
Piper Jaffray Money Market	MM
Piper Jaffray Sector Performance	ST
Piper Jaffray Tax-Exempt MM	MM
Piper Jaffray Value Fund	ST
Prescott, Ball & Turben 1331 Euclid Avenue Cleveland, OH 44115 (216) 696-3360 (local), (800) 553-5533	
Selected American Shares	ST
Selected Special Shares	ST
T Rowe Price Associates 100 East Pratt Street Baltimore, MD 21202 (301) 547-2308* (local), (800) 638-5660	
T Rowe Price Calif T-F Inc–Bond	MU
T Rowe Price Calif T-F Inc–Money	MM
T Rowe Price Capital Appreciation	ST
T Rowe Price Equity Income Fund	ST
T Rowe Price GNMA Fund	BD
T Rowe Price Growth & Income	ST
T Rowe Price Growth Stock Fund	ST
T Rowe Price High Yield Fund	BD
T Rowe Price International Bond	FO
T Rowe Price Intl Discovery	FO
T Rowe Price International Stock	FO
T Rowe Price Maryland T-F Bond	MU
T Rowe Price New America Growth	ST
T Rowe Price New Era Fund	ST
T Rowe Price New Horizons Fund	ST
T Rowe Price New Income Fund	BD
T Rowe Price New York T-F Bond	MU
T Rowe Price New York T-F Money	MM
T Rowe Price Prime Reserve Fund	MM
T Rowe Price Science & Technology	ST
T Rowe Price Short-Term Bond Fund	BD
T Rowe Price Small-Cap Value Fund	ST
T Rowe Price Tax-Exempt Money	MM
T Rowe Price Tax-Free High Yield	MU
T Rowe Price Tax-Free Income Fund	MU
T Rowe Price T-F Short-Intermediate	MU
Primary Trend Fund First Financial Centre-4th Floor 700 North Water Street Milwaukee, WI 53202 (800) 443-6544	
Primary Trend Fund	ST
Princor Financial Services Corp 711 High Street Des Moines, IA 50309 (515) 247-5711 (local), (800) 247-4123	
Princor Aggressive Growth Fund	ST
Princor Capital Accumulation Fund	ST
Princor Growth Fund	ST
Princor Managed Fund	BA
Princor World Fund	FO

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Fund Distributors

Distributor	Type of fund
ProvidentMutual Financial Svcs PO Box 15627 Christiana Executive Campus Wilmington, DE 19850 (302) 456-1010* (local); (800) 441-9490	
ProvidentMutual Convertible Secs	BA
ProvidentMutual Growth Fund	ST
ProvidentMutual Investment Shares	ST
ProvidentMutual Pennsylvania T-F	MU
ProvidentMutual Total Return Trust	BA
ProvidentMutual US Govt Fund for Inc	BD
ProvidentMutual Value Shares	ST
ProvidentMutual World Fund	FO
Prudent Speculator Group 4023 West Sixth Street Los Angeles, CA 90020 (213) 252-9000* (local); (800) 444-4778	
Prudent Speculator Leveraged Fund	ST
Prudential-Bache One Seaport Plaza Mutual Funds-18th Floor New York, NY 10292 (800) 225-1852	
Command Money Fund	MM
Command Tax-Free Fund	MM
Pru-Bache Bond–Insured	MU
Pru-Bache California Municipal	MU
Pru-Bache Equity Fund	ST
Pru-Bache Equity Income	ST
Pru-Bache FlexiFund–Aggressive	ST
Pru-Bache FlexiFund–Conservative	ST
Pru-Bache Global Fund	FO
Pru-Bache Global Genesis	FO
Pru-Bache Global Natural Res	FO
Pru-Bache GNMA Fund	BD
Pru-Bache Government Plus	BD
Pru-Bache Govt Secs–Intermediate	BD
Pru-Bache Govt Secs–Money Market	MM
Pru-Bache Growth Opportunity	ST
Pru-Bache High Yield Fund	BD
Pru-Bache IncomeVertible Plus	BA
Pru-Bache Moneymart Assets	MM
Pru-Bache Muni–Arizona	MU
Pru-Bache Muni–High Yield	MU
Pru-Bache Muni–Maryland	MU
Pru-Bache Muni–Massachusetts	MU
Pru-Bache Muni–Michigan	MU
Pru-Bache Muni–New Jersey	MU
Pru-Bache Muni–New York	MU
Pru-Bache Muni–New York MM	MM
Pru-Bache Muni–North Carolina	MU
Pru-Bache Muni–Ohio	MU
Pru-Bache Muni–Pennsylvania	MU
Pru-Bache National Municipals	MU
Pru-Bache Option Growth Fund	ST
Pru-Bache Research Fund	ST
Pru-Bache Tax-Free Money Fund	MM
Pru-Bache US Government	BD
Pru-Bache Utility Fund	ST

Distributor	Type of fund
Putnam Financial Services PO Box 2701 Boston, MA 02208 (617) 292-1000 (local); (800) 225-1581	
Putnam California Tax-Exempt Inc	MU
Putnam California Tax-Exempt MM	MM
Putnam Convertible Income-Growth	BA
Putnam Daily Dividend Trust	MM
Putnam Diversified Income Trust	BD
Putnam Energy-Resources Trust	ST
Putnam Fund for Growth & Income	ST
George Putnam Fund of Boston	BA
Putnam Global Governmental Trust	FO
Putnam GNMA Plus Trust	BD
Putnam Health Sciences Trust	ST
Putnam High Income Government	BD
Putnam High Yield Trust	BD
Putnam High Yield Trust II	BD
Putnam Income Fund	BD
Putnam Information Sciences Trust	ST
Putnam International Equities Fund	FO
Putnam Investors Fund	ST
Putnam Massachusetts Tax-Ex Inc	MU
Putnam Michigan Tax-Exempt Inc	MU
Putnam Minnesota Tax-Exempt Inc	MU
Putnam New York Tax-Exempt Inc	MU
Putnam New York Tax-Exempt MM	MM
Putnam Ohio Tax-Exempt Income	MU
Putnam Option Income Trust	ST
Putnam Option Income Trust II	ST
Putnam OTC Emerging Growth Fund	ST
Putnam Tax-Exempt Income Fund	MU
Putnam Tax-Exempt Money Market	MM
Putnam Tax-Free Income–High Yield	MU
Putnam Tax-Free Income–Insured	MU
Putnam US Govt Guaranteed Secs	BD
Putnam Vista Basic Value	ST
Putnam Voyager Fund	ST
Quest Distributors 1414 Avenue of the Americas New York, NY 10019 (212) 355-7311* (local); (800) 221-4268	
Royce Fund–Total Return	BA
Royce Fund–Value	ST
Quest for Value 200 Liberty Street World Financial Center, 37th Floor New York, NY 10281 (212) 667-7587 (local); (800) 232-3863	
Quest for Value–Asset Allocation	BA
Quest for Value Fund	ST
James B Rea 10966 Chalon Road Los Angeles, CA 90077 (213) 208-2282* (local); (800) 433-1998	
Rea-Graham Balanced Fund	BA
Reich & Tang LP 100 Park Avenue 28th Floor New York, NY 10017 (212) 370-1240* (local); (800) 221-3079	
California Daily Tax-Free Income	MM
Connecticut Daily Tax-Free Income	MM
Daily Tax-Free Income Fund	MM
Empire Tax-Free Money Market	MM
Michigan Daily Tax-Free Income	MM
Reich & Tang Equity Fund	ST
Short-Term Income–Money Market	MM

Distributor	Type of fund
Resrv Partners 810 Seventh Avenue 35th Floor New York, NY 10019 (800) 637-1700 (local); (800) 223-5547	
Reserve Fund–Government	MM
Reserve Fund–Primary	MM
Reserve New York Tax-Exempt–NY	MM
Reserve Tax-Exempt–Connecticut	MM
Reserve Tax-Exempt–Interstate	MM
Review Management Corp PO Box 1537 Suite 228 Fort Washington, PA 19034-1537 (215) 643-2510* (local); (800) 523-2578	
European Emerging Companies Fund	FO
Over-the-Counter Securities Fund	ST
Robertson, Stephens & Co One Embarcadero Center Suite 3100 San Francisco, CA 94111 (415) 781-9700 (local); (800) 288-7726	
RCS Emerging Growth	ST
Rochester Fund Distributors 379 Park Avenue Rochester, NY 14607 (716) 442-5500*	
Rochester Convertible Fund	BA
Rochester Fund Municipals	MU
Rochester Tax Managed Fund	ST
Rodney Square Funds c/o Provident Financial Processing PO Box 8950 Wilmington, DE 19899 (302) 479-1086* (local); (800) 992-5084	
Rodney Square International Equity	FO
Rodney Square Fund–MM	MM
Rodney Square Multi–Growth	ST
Rodney Square Multi–Total Return	BA
Rodney Square Multi–Value	ST
Rodney Square Tax-Exempt	MM
Ruane, Cuniff & Co 1370 Avenue of the Americas New York, NY 10019 (212) 245-4500	
Sequoia Fund	ST
Rushmore Group 4922 Fairmont Avenue Bethesda, MD 20814 (301) 657-1500* (local); (800) 343-3355	
American Gas Index Fund	ST
Fund for Govt Investors	MM
Rushmore–OTC Index Plus	ST
Rushmore–Stock Market Index Plus	ST
Safeco Securities Safeco Plaza T-15 Seattle, WA 98185 (206) 545-5530 (local); (800) 426-6730	
Safeco California Tax-Free Income	MU
Safeco Equity Fund	ST
Safeco Growth Fund	ST
Safeco Income Fund	ST
Safeco Municipal Bond Fund	MU

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*Will accept collect calls.

Distributor	Type of fund
Salomon Brothers Asset Management 55 Water Street 34th Floor New York, NY 10041 (212) 668-8578* (local); (800) 221-5350	
Salomon Brothers Capital Fund	ST
Salomon Brothers Investors Fund	ST
Salomon Brothers Opportunity Fund	ST
SBSF Funds 45 Rockefeller Plaza 33rd Floor New York, NY 10111 (212) 903-1200 (local); (800) 422-7273	
SBSF–Growth Fund	ST
Schafer Value Trust 210 Carnegie Center Princeton, NJ 08540 (609) 936-1200	
Schafer Value Fund	ST
Schield Portfolios Securities 390 Union Boulevard Suite 410 Denver, CO 80228 (800) 247-9331 (local); (800) 826-8154	
Schield–Timed Asset Allocation	BA
Scudder Fund Distributors 160 Federal Street Boston, MA 02110 (800) 225-2470	
AARP Growth–Capital Growth	ST
AARP Growth–Growth & Income	ST
AARP Income–GNMA & US Treas	BD
AARP Income–High Quality Bond	BD
AARP Insured T-F Inc–Genl Bond	MU
Japan Fund	FO
Scudder California Tax Free Fund	MU
Scudder California Tax-Free Money	MM
Scudder Capital Growth	ST
Scudder Cash Investment Trust	MM
Scudder Development Fund	ST
Scudder Equity Income	ST
Scudder Fund–Lazard Equity	ST
Scudder Fund–Managed Tax-Free	MM
Scudder Global Fund	FO
Scudder GNMA Fund	BD
Scudder Gold Fund	ST
Scudder Growth & Income Fund	ST
Scudder High Yield Tax Free Fund	MU
Scudder Income Fund	BD
Scudder International Bond	FO
Scudder International Fund	FO
Scudder Managed Municipal Bonds	MU
Scudder Massachusetts Tax Free	MU
Scudder NY Tax Free Fund	MU
Scudder NY Tax-Free Money Fund	MM
Scudder Ohio Tax Free Fund	MU
Scudder Short Term Bond Fund	BD
Scudder Tax-Free Money Fund	MM

Distributor	Type of fund
Securities Management & Research Two Moody Plaza Galveston, TX 77550 (800) 231-4639	
American National Growth Fund	ST
American National Income Fund	ST
Triflex Fund	BA
Security Distributors 700 Harrison Street Topeka, KS 66636 (800) 888-2461	
Security Action Fund	ST
Security Equity Fund	ST
Security Income–Corporate Bond	BD
Security Investment Fund	ST
Security Omni Fund	ST
Security Ultra Fund	ST
Seligman Marketing 130 Liberty Street New York, NY 10006 (800) 522-6869 (local); (800) 221-2450	
Seligman Calif Tax-Exempt–High Yld	MU
Seligman Calif Tax-Exempt–Quality	MU
Seligman Capital Fund	ST
Seligman Common Stock Fund	ST
Seligman Commun & Information	ST
Seligman Growth Fund	ST
Seligman Income Fund	BA
Seligman New Jersey Tax-Exempt	MU
Seligman Penn Tax-Exempt–Quality	MU
Seligman Tax-Exempt–Colorado	MU
Seligman Tax-Exempt–Louisiana	MU
Seligman Tax-Exempt–Maryland	MU
Seligman Tax-Exempt–Mass	MU
Seligman Tax-Exempt–Michigan	MU
Seligman Tax-Exempt–Minnesota	MU
Seligman Tax-Exempt–Missouri	MU
Seligman Tax-Exempt–National	MU
Seligman Tax-Exempt–New York	MU
Seligman Tax-Exempt–Ohio	MU
Seligman Tax-Exempt–Oregon	MU
Seligman Tax-Exempt–SC	MU
Sentry Equity Services 1800 North Point Drive A3/32 Stevens Point, WI 54481 (800) 533-7827	
Sentry Fund	ST

Distributor	Type of fund
Shearson Lehman Hutton One Western Union Plaza 15th Floor New York, NY 10004 (212) 528-2744	
SLH Aggressive Growth	ST
SLH Appreciation Fund	ST
SLH California Daily Tax-Free	MM
SLH California Municipals	MU
SLH Daily Dividend	MM
SLH Daily Tax-Free Dividend	MM
SLH Equity–Growth & Opportunity	ST
SLH Equity–International	FO
SLH Equity–Sector Analysis	ST
SLH Equity–Strategic Investors	ST
SLH Fundamental Value Fund	ST
SLH Global Opportunities	FO
SLH Government & Agencies	MM
SLH High Yield Fund	BD
SLH Income–Convertible Secs	BA
SLH Income–Global Bond	FO
SLH Income–High Income	BD
SLH Income–Mortgage Secs	BD
SLH Income–Option Income	ST
SLH Income–Tax-Exempt Income	MU
SLH Income–Utilities	BA
SLH Investment–Directions Value	ST
SLH Investment–European	FO
SLH Investment–Global Equity	FO
SLH Investment–Government Secs	BD
SLH Investment–High Grade	BD
SLH Investment–Growth	ST
SLH Investment–Precious Metals	ST
SLH Investment–Special Equities	ST
SLH Managed Govt	BD
SLH Managed Municipals	MU
SLH Multi Opportunity LP	ST
SLH New Jersey Municipals	MU
SLH New York Daily Tax-Free	MM
SLH New York Municipals	MU
SLH Precious Metals & Mins	FO
SLH Principal Ret–Zero & Apprec	ST
SLH Small Capitalization	ST
SLH Telecommunications–Growth	ST
Sheffield Investments 41 Madison Avenue New York, NY 10010 (212) 779-7979* (local); (800) 922-7771	
Blanchard Precious Metals Fund	ST
Blanchard Strategic Growth	ST
Sherman, Dean Fund 6061 NW Expressway Suite 465 San Antonio, TX 78201 (512) 735-7700 (local); (800) 247-6375	
Sherman, Dean Fund	ST

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Fund Distributors

Distributor	Type of fund
Siebel Capital Management 80 East Sir Francis Drake Blvd Larkspur, CA 94939 (415) 461-3850	
Adam Investors	ST
Signature Financial Group 6 Saint James Avenue 9th Floor Boston, MA 02116 (617) 423-0800	
FundTrust–Aggressive Growth	ST
FundTrust–Growth	ST
FundTrust–Growth & Income	BA
FundTrust–Managed Total Return	ST
Sit Investment Associates 90 South 7th Street Suite 4600 Minneapolis, MN 55402 (612) 332-3223 (local); (800) 332-5580	
Sit New Beginning Growth Fund	ST
Sit New Beginning Income & Growth	ST
Smith Barney, Harris Upham & Co 1345 Sixth Avenue New York, NY 10105 (212) 698-5349 (local); (800) 544-7835	
Muni Bond Funds–California	MU
Muni Bond Funds–National	MU
Muni Bond Funds–New York	MU
National Liquid Reserves–Cash	MM
National Liquid Reserves–Retire	MM
Smith Barney Equity Fund	ST
Smith Barney–Income & Growth	ST
Smith Barney–US Government	BD
Tax-Free Money Fund	MM
Vantage Money Market–Cash	MM
Sogen Securities Corp 50 Rockefeller Plaza New York, NY 10020 (212) 957-3800 (local); (800) 334-2143	
SoGen International Fund	ST
Sound Shore Fund PO Box 1810 Greenwich, CT 06836 (203) 629-1980	
Sound Shore Fund	ST
Southeastern Asset Management 860 Ridgelake Boulevard Suite 301 Memphis, TN 38119 (901) 761-2474* (local); (800) 445-9469	
SAM Small Cap Fund	ST
SAM Value Trust	ST
Sovereign Advisers 985 Old Eagle School Road Suite 515A Wayne, PA 19087 (215) 254-0703*	
Sovereign Investors	ST

Distributor	Type of fund
State Bond Sales Corp 8500 Normandale Lake Boulevard Minneapolis, MN 55437 (507) 354-2144* (local); (800) 328-4735	
State Bond Common Stock Fund	ST
State Bond Diversified Fund	ST
State Bond Progress Fund	ST
Steadman Security Corp 1730 K Street NW Suite 904 Washington, DC 20006 (202) 223-1000 (local); (800) 424-8570	
Steadman American Industry Fund	ST
Steadman Associated Fund	ST
Steadman Investment Fund	ST
Steadman Oceanographic Tech & Gr	ST
Stein Roe & Farnham PO Box 1131 Chicago, IL 60690 (800) 338-2550	
SteinRoe Capital Opportunities	ST
SteinRoe High Yield Municipals	MU
SteinRoe Cash Reserves	MM
SteinRoe Intermediate Bond Fund	BD
SteinRoe International Growth	FO
SteinRoe Managed Municipals	MU
SteinRoe Special Fund	ST
SteinRoe Stock Fund	ST
SteinRoe Tax-Exempt Money Fund	MM
SteinRoe Total Return Fund	BA
Stonebridge Capital 1801 Century Park East Suite 1800 Los Angeles, CA 90067 (213) 277-1450	
National Industries Fund	ST
Strategic Distributors 2030 Royal Lane Dallas, TX 75229 (214) 484-1326* (local); (800) 527-5027	
Strategic Gold/Minerals Fund	ST
Strategic Investments Fund	FO
Strategic Silver Fund	ST
Stratton Management 610 West Germantown Pike Suite 361 Plymouth Meeting, PA 19462 (215) 941-0255* (local); (800) 634-5726	
Stratton Growth Fund	ST
Stratton Monthly Dividend Shares	ST
Strong/Corneliuson Capital Management PO Box 2936 Milwaukee, WI 53201-2936 (414) 359-1400* (local); (800) 368-3863	
Strong Advantage Fund	BD
Strong Discovery Fund	ST
Strong Income Fund	BD
Strong Investment Fund	BA
Strong Money Market Fund	MM
Strong Tax-Free Money Market Fund	MM
Strong Opportunity Fund	ST
Strong Total Return Fund	BA

Distributor	Type of fund
SunAmerica Asset Management 10 Union Square East New York, NY 11003 (800) 858-8850 (local); (800) 821-5100	
Home Investors Govt Guaranteed Inc	BD
SunAmerica Capital Appreciation	ST
SunAmerica Equity–Aggressive Grow	ST
SunAmerica Equity–Growth	ST
SunAmerica Income–Convert Secs	BA
SunAmerica Multi-Asset–Tot Return	ST
TBC Funds Distributor 103 Bellevue Parkway Wilmington, DE 19809 (302) 792-6400 (local); (800) 441-7379	
HT Insight–Convertible Fund	ST
HT Insight–Equity Fund	ST
HT Insight–Tax-Free MM Fund	MM
Pierpont Capital Appreciation Fund	ST
Pierpont Equity Fund	ST
Pierpont Money Market	MM
Pierpont Tax-Exempt Bond Fund	MU
Pierpont Tax-Exempt Money Market	MM
Templeton Funds Distributors 700 North Central Avenue St Petersburg, FL 33701-3628 (813) 823-8712 (local); (800) 237-0738	
Templeton Foreign Fund	FO
Templeton Global	FO
Templeton Growth Fund	FO
Templeton Income Fund	BA
Templeton World Fund	ST
Thompson, Unger & Plumb PO Box 55320 Madison, WI 53705 (608) 231-1676*	
Thompson, Unger & Plumb Fund	BA
Thomson McKinnon Asset Management One State Street Plaza New York, NY 10004 (212) 482-5894 (local); (800) 628-1237	
Cash Accumulation–National MM	MM
Cash Accumulation–National Tax-Ex	MM
Thomson McKinnon–Global	FO
Thomson McKinnon–Growth	ST
Thomson McKinnon–Income	BD
Thomson McKinnon–Opportunity	ST
Thomson McKinnon–Prec Metals	ST
Thomson McKinnon–US Govt	BD
Thornburg Securities 119 East Marcy Street Suite 202 Santa Fe, NM 87501 (505) 984-0200 (local); (800) 847-0200	
Limited Term Municipal–California	MU
Limited Term Municipal–National	MU

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[redacted]

Distributor	Type of fund
Transamerica 1000 Louisiana Suite 6000 Houston, TX 77002-5098 (800) 999-3863	
Transamerica Govt Securities	**BD**
Transamerica Growth & Income	**BA**
Transamerica Inv Quality Bond	**BD**
Transamerica Lowry Market Timing	**ST**
Transamerica Special Blue Chip Fund	**ST**
Transamerica Special Convert Secs	**BA**
Transamerica Special Emerging Grow	**ST**
Transamerica Special Global Growth	**FO**
Transamerica Special Natural Res	**ST**
Transamerica Sunbelt Growth Fund	**ST**
Transamerica Technology Fund	**ST**
Trusteed Funds One Winthrop Square Boston, MA 02110 (800) 462-1199 (local); (800) 343-2902	
Commonwealth Investment–Balanced	**BA**
Commonwealth Investment–Growth	**ST**
Twentieth Century Investors PO Box 419200 Kansas City, MO 64141-6200 (816) 531-5575 (local); (800) 345-2021	
20th Century Balanced Fund	**BA**
20th Century Cash Reserve	**MM**
20th Century Giftrust Investors	**ST**
20th Century Growth Investors	**ST**
20th Century Heritage Investors	**ST**
20th Century Select Investors	**ST**
20th Century Ultra Investors	**ST**
20th Century US Governments	**BD**
20th Century Vista Investors	**ST**
Tyndall Distributors 1500 Forest Avenue Suite 223 Richmond, VA 23229 (800) 527-9500	
Tyndall World–Tiger Fund	**FO**
Tyndall World–TV EuroPacific Fund	**FO**
Unified Management Corp PO Box 6110 Indianapolis, IN 46206-6110 (317) 634-3300 (local); (800) 862-7283	
Unified Growth Fund	**ST**
Unified Income Fund	**BA**
Unified Mutual Shares	**ST**
United Services Advisors PO Box 29467 San Antonio, TX 78229-0467 (512) 696-1234* (local); (800) 873-8637	
United Services–Global Resources	**FO**
United Services–Gold Shares Fund	**FO**
United Services–Good & Bad	**ST**
United Services–Growth Fund	**ST**
United Services–Income Fund	**ST**
United Services–New Prospector	**FO**

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THE Vanguard GROUP OF INVESTMENT COMPANIES

Fund Distributors

Distributor	Type of fund
US Boston Investment 6 New England Executive Park Burlington, MA 01803 (617) 272-6420	
US Boston Inv–Foreign G&I	FO
US Boston Inv–Growth & Income	ST
USAA Investment Management USAA Building San Antonio, TX 78284-9855 (512) 498-8181 (local); (800) 531-8181	
USAA Investment–Balanced	BA
USAA Investment–Cornerstone Fund	ST
USAA Investment–Gold Fund	ST
USAA Investment–International	FO
USAA Mutual–Aggressive Growth	ST
USAA Mutual–Growth Fund	ST
USAA Mutual–Income Fund	BD
USAA Mutual–Income Stock Fund	ST
USAA Mutual–Money Market	MM
USAA Tax-Exempt–High Yield	MU
USAA Tax-Exempt–Intermediate	MU
USAA Tax-Exempt–Money Market	MM
USAA Tax-Exempt–Short-Term	MU
UST Securities 555 South Flower Street Suite 2710 Los Angeles, CA 90071 (213) 488-0666 (local); (800) 233-1136	
UST Master Funds–Equity	ST
UST Master Funds–Govt Money	MM
UST Master Funds–Income & Growth	ST
UST Master Funds–International	FO
UST Master Tax-Exempt–Short-Term	MM
Valley Forge Fund 1375 Anthony Wayne Drive Wayne, PA 19087 (215) 688-6839 (local); (800) 548-1942	
Valley Forge Fund	ST
Value Line Securities 711 Third Avenue New York, NY 10017 (800) 223-0818	
Value Line Cash Fund	MM
Value Line Convertible Fund	ST
Value Line Fund	ST
Value Line Income Fund	ST
Value Line Leveraged Growth Inv	ST
Value Line New York Tax-Exempt	MU
Value Line Special Situations Fund	ST
Value Line Tax-Exempt–High Yield	MU
Value Line US Government Secs	BD
Van Eck Securities Corp 122 East 42nd Street 42nd Floor New York, NY 10168 (212) 687-5200* (local); (800) 221-2220	
Van Eck Gold/Resources Fund	ST
Van Eck International Investors	FO
Van Eck World Income Fund	FO
Van Eck World Trends Fund	FO

Distributor	Type of fund
Van Kampen Merritt 1001 Warrenville Road Lisle, IL 60532 (708) 719-6000 (local); (800) 225-2222	
Van Kampen Merritt Calif Ins T-F	MU
Van Kampen Merritt Growth & Inc	ST
Van Kampen Merritt High Yield	BD
Van Kampen Merritt Insured T-F	MU
Van Kampen Merritt Penn T-F Inc	MU
Van Kampen Merritt T-F High Inc	MU
Van Kampen Merritt US Government	BD
Vanguard Group of Investment Cos PO Box 2600 MS 136 Valley Forge, PA 19482 (215) 648-6000 (local); (800) 662-7447	
Vanguard Asset Allocation	ST
Vanguard Bond Market Fund	BD
Vanguard California T-F–Ins L-T	MU
Vanguard California T-F–MM	MM
Vanguard Convertible Securities	BA
Vanguard Equity Income Fund	BA
Vanguard Explorer Fund	ST
Vanguard Fixed Income–GNMA	BD
Vanguard Fixed Income–High Yield	BD
Vanguard Fixed Income–Invest Grade	BD
Vanguard Fixed Income–Short-Term	BD
Vanguard Fixed Income–S-T Govt Bond	BD
Vanguard Fixed Income–US Treasury	BD
Vanguard High Yield Stock	ST
Vanguard Index–500 Portfolio	ST
Vanguard Index–Extended Market	ST
Vanguard MM Reserves–Federal	MM
Vanguard MM Reserves–Prime	MM
Vanguard MM Reserves–US Treas	MM
Vanguard/Morgan Growth Fund	ST
Vanguard Muni Bond–High Yield	MU
Vanguard Muni Bond–Insured L-T	MU
Vanguard Muni Bond–Intermediate	MU
Vanguard Muni Bond–Limited Term	MU
Vanguard Muni Bond–Long-Term	MU
Vanguard Muni Bond–Money Market	MM
Vanguard Muni Bond–Short-Term	MU
Vanguard NJ Tax-Free–Insured L-T	MU
Vanguard NJ Tax-Free–MM	MM
Vanguard New York Insured T-F	MU
Vanguard Penn Tax-Free–Insured L-T	MU
Vanguard Penn Tax-Free–MM	MM
Vanguard Preferred Stock Fund	BD
Vanguard Primecap Fund	ST
Vanguard Quantitative Portfolios	ST
Vanguard Small Cap Stock	ST
Vanguard Special–Energy	ST
Vanguard Special–Gold & Precious	FO
Vanguard Special–Health Care	ST
Vanguard Special–Service Economy	ST
Vanguard Special–Technology	ST
Vanguard STAR Fund	BA
Vanguard Trustees Commingled–Intl	FO
Vanguard Trustees Commingled–US	ST
Vanguard Wellesley Income Fund	BA
Vanguard Wellington Fund	BA
Vanguard Windsor Fund	ST
Vanguard Windsor II	ST
Vanguard World–Intl Growth	FO
Vanguard World–US Growth	ST

Distributor	Type of fund
Variable Stock Fund One Winthrop Square Boston, MA 02110 (413) 781-3000 (local); (800) 343-2902	
Variable Stock Fund	ST
Venture Advisers PO Box 1688 Santa Fe, NM 87504-1688 (505) 983-4335 (local); (800) 279-2279	
New York Venture Fund	ST
RPF of America–Bond Fund	BD
RPF of America–Equity Fund	ST
Venture Income (+) Plus	BD
Voyageur Fund Distributor 100 South Fifth Street Suite 2200 Minneapolis, MN 55402 (800) 247-1576 (local); (800) 553-2143	
Voyageur Colorado Tax-Free Fund	MU
Voyageur Granit Growth Stock	ST
Voyageur Minnesota Tax-Free Fund	MU
Waddell & Reed 2400 Pershing Road PO Box 418343 Kansas City, MO 64141-9343 (816) 283-4122 (local); (800) 366-5465	
United Accumulative Fund	ST
United Bond Fund	BD
United Cash Management	MM
United Continental Income Fund	BA
United Gold & Government Fund	FO
United Government Securities	BD
United High Income Fund	BD
United High Income Fund II	BD
United Income Fund	ST
United International Growth	FO
United Municipal Bond Fund	MU
United Municipal High Income	MU
United New Concepts Fund	ST
United Retirement Shares	BA
United Science & Energy Fund	ST
United Vanguard Fund	ST

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Distributor	Type of fund
Wall Street Management Corp 641 Lexington Avenue 21st Floor New York, NY 10022 (212) 319-9400*	
Wall Street Fund	ST
Washington Funds Distributors 1101 Vermont Avenue NW Washington, DC 20005 (202) 842-5300 (local); (800) 972-9274	
Growth Fund of Washington	ST
Weiss, Peck & Greer One New York Plaza New York, NY 10004 (212) 908-9582* (local); (800) 223-3332	
WPG Dividend Income Fund	ST
WPG Fund	ST
WPG Government Securities Fund	BD
WPG International Fund	FO
WPG Tudor Fund	ST
Weitz Securities 9290 West Dodge Road Suite 405 Omaha, NE 68114-3323 (402) 391-1980*	
Weitz Series Fund–Value	ST

Distributor	Type of fund
Westchester Capital Management 11 High Meadows Mount Kisco, NY 10549 (914) 241-3360*	
The Merger Fund	ST
Wheat First Securities PO Box 1357 Richmond, VA 23211 (804) 627-8625 (local); (800) 999-4328	
Southeastern Growth Fund	ST
Winsbury Company 1900 East Dublin-Granville Road Columbus, OH 43229 (800) 451-8377	
ASO Outlook Group–Equity Fund	ST
Parkstone Bond Fund	BD
Parkstone Equity Fund	ST
Parkstone High Income Equity	ST
Parkstone Intermediate Govt Oblig	BD
Parkstone Municipal Bond	MU
Parkstone Prime Obligations	MM
Parkstone Small Cap Value	ST
Parkstone Tax-Free Fund	MM

Distributor	Type of fund
Wood Logan 1455 East Putnam Avenue Old Greenwich, CT 06870 (800) 334-4437	
NA Security–Aggressive Asset Alloc	BA
NA Security–Conserv Asset Alloc	BA
NA Security–Growth	ST
NA Security–Moderate Asset Alloc	BA
BC Ziegler & Co 215 North Main Street West Bend, WI 53095 (414) 334-5521 (local); (800) 826-4600	
Principal Preservation–Div Achievers	ST
Principal Preservation–S&P 100 Plus	ST
Zweig Securities 5 Hanover Square 17th Floor New York, NY 10004 (800) 272-2700	
Zweig Series–Government Secs	BD
Zweig Series–Priority Selection	ST

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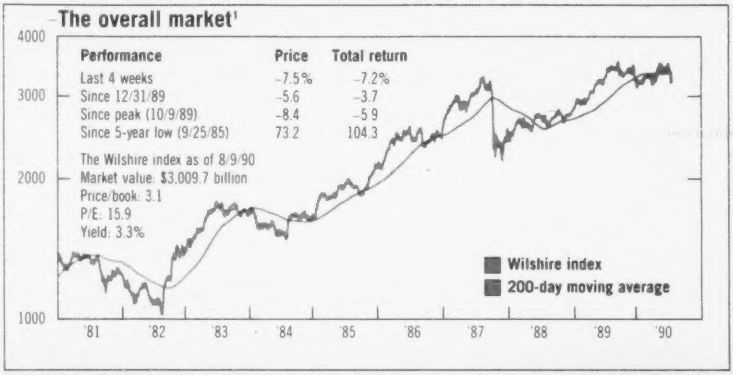
The Forbes Wall Street Review

By Eric S. Hardy

Events in the Persian Gulf were felt in stock markets around the world. The Morgan Stanley Capital International Perspective index of 1,000 European, Australian, New Zealand and Far Eastern stocks lost 7% in dollar terms in the last two weeks. Yet even before Hussein's troops rolled into Kuwait, Wall Street was entering a slump. Although the Dow hit an alltime peak on July 17, the 6,000 stocks in the Wilshire failed to confirm this as a market top (the Wilshire high dates back to Oct. 9, 1989). On the day preceding the Iraqi invasion the Dow was already 3% below its July high.

Technology stocks were hard hit during the last two weeks. Cetus, a biological research firm, lost almost half of its value. Advanced Micro Devices declined a fifth. During the last ten trading days the Nasdaq composite fell 7.3%, while the Wilshire index of 6,000 issues fell 4.8%.

Gold and energy issues were about the only stocks posting gains. Bernard J. Picchi, an energy analyst at Merrill Lynch, thinks that there is still time to profit from the current instability in the oil industry. However, Picchi recommends caution. He thinks that stocks such as Amerada Hess, Murphy Oil and Unocal have already had strong price runups and may be overvalued. What does Picchi like? Integrated oils selling at lower earnings multiples, such as Atlantic Richfield and Texaco.


The overall market[1]

Performance	Price	Total return
Last 4 weeks	-7.5%	-7.2%
Since 12/31/89	-5.6	-3.7
Since peak (10/9/89)	-8.4	-5.9
Since 5-year low (9/25/85)	73.2	104.3

The Wilshire index as of 8/9/90
Market value: $3,009.7 billion
Price/book: 3.1
P/E: 15.9
Yield: 3.3%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Fund American Cos	50	42%	51	6,075	5.0
Freeport McMoRan Oil	10⅛	31	NM	2,281	4.8
Boise Cascade	38	19	9	3,088	2.8
FMC Gold	11½	15	17	450	2.0
AMAX Gold	17⅛	14	48	215	1.3

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Cetus	8⅞	-47%	NM	13,402	2.3
UAL	113¾	-30	11	4,835	3.0
Promus Cos	19¼	-27	NM	1,668	1.6
Advanced Micro Devices	5⅝	-22	23	5,534	0.9
Associated Communications	22¾	-22	71	93	0.6

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,227.97	-4.8%
Wilshire index 6,000 stocks, equal weighted	20.29	-5.3
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,758.91	-5.5
S&P 500 Capitalization weighted cross section, major stocks	339.94	-4.5
NYSE Capitalization weighted, all listed common stocks	186.24	-4.3
Amex Capitalization weighted total return: stocks, warrants	341.49	-4.2
Nasdaq Capitalization weighted, all issues except warrants	412.98	-7.3
Amex international market index Capitalization weighted, 50 largest ADRs	303.49	-4.8

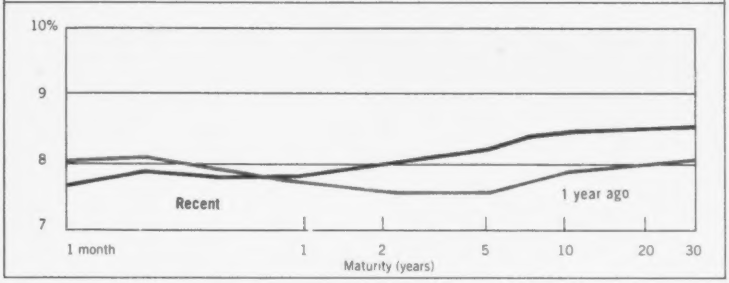
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	849.50	-7.0%
Institutional[5] Approximately 200 stocks with high institutional ownership	103.86	-7.6
Individual[5] Approximately 200 stocks with low institutional ownership	96.15	-6.1
Russell 2000 index 2000 stocks with small market values, capitalization weighted	152.54	-7.0
Gold[6] (composite quote of 6 major dealers)	$383.85	4.0
Yen[6] (per $U.S.)	149.70	-0.5
Commodity index[6] (CRB futures index, 1967 = 100)	235.66	0.4
Oil[6] (W Texas Intermediate)	$25.65	26.4
T bills[6] (90 days)	7.40%	-16 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 8/9/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Average daily volume over a 2-week period. [3]Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4]Morgan Stanley Capital International Perspective. [5]For period ending 8/10/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6]Knight-Ridder Financial Information. [7]A basis point is equal to one hundredth of a percentage point. NM: Not meaningful.

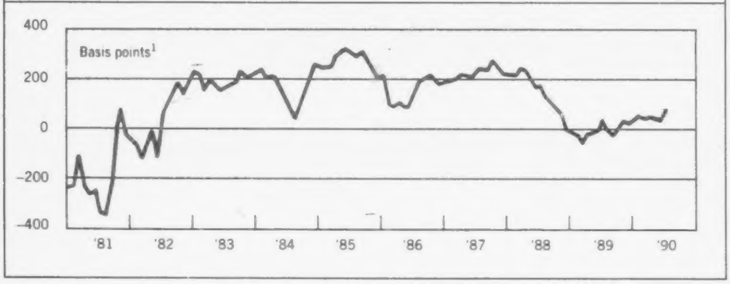
Fixed Income Review

Edited by Eric S. Hardy

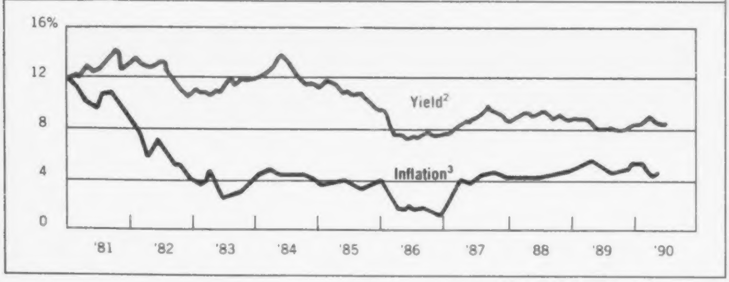
Yield Curve



30-Year Rate Minus 1-Year Rate



Yield vs. Inflation



Spread over Treasurys

Security	Basis points[1]
AA corporates	83
AAA industrials	82
Ginnie Maes	100
Junk corporates[4]	713
Municipals[5]	125

Total returns

Security	1 year[6]	3 years[6,7]
AAA corporates	6.1%	10.1%
Ginnie Maes[5]	9.4	11.1
Junk corporates[4]	1.0	7.5
Municipals[5]	6.9	8.7
Treasury bonds	6.0	9.3

Saddam Hussein and his army of thugs can be blamed for a rise in inflation expectations and therefore in interest rates. But this may have created a window of opportunity in the bond market, especially at the longer end of the maturity spectrum. James Kochan, chief bond strategist at Merrill Lynch, is predicting a 0.5% decline in the yield on 30-year Treasury bonds by the end of the year. Even before the invasion of Kuwait, however, the yield curve had been taking on a more normal upward slope *(see top left).*

The municipal bond market has also been damaged by rising rates. In addition, it is contending with something that Treasurys have not yet been exposed to: doubts about credit quality.

It's a sign of the times that in a recent annual report to shareholders, the president of Scudder Massachusetts Tax Free Fund goes out of his way to boast of avoiding general obligation bonds. It used to be that a general obligation bond, pledging the full credit and taxing power of the issuing state or municipality, was the safest kind to have. But Massachusetts' general obligation bonds have been dropped in S&P's rating to BBB, lowest in the nation. And so Scudder is protecting its customers' assets by investing in Massachusetts munis backed by almost anything but the state's credit: revenue streams from hospitals or independent entities such as Harvard University. Issues from Harvard and the Massachusetts Housing Finance Agency have higher ratings than state bonds, even when they are not insured.

Investors who can't decide between the debt or equity markets should consider a hybrid investment—convertible bonds. Such bonds can appreciate from lower interest rates or a rise in the value of the underlying stock or a combination of both events. (Conversely, of course, they can be double-whammied by a combination of rising interest rates and a falling stock market.) Andrew Davis at PaineWebber recommends the 6.5s of 2004 of Omnicom Group, a New York advertising agency. Each $1,000 bond, convertible into $835 worth of Omnicom stock, can be put back to the issuer at $1,230 in July 1996.

Note: Except where footnoted, all information provided by Berkeley, Calif.-based Barra, a financial consulting firm. [1] A basis point is equal to one-hundredth of a percentage point. [2] Yield on ten-year Treasurys. [3] The trailing 12-month increase in the Consumer Price Index, through 6/30/90. [4] Source: First Boston. [5] Source: Shearson Lehman Brothers. [6] Through 7/31/90. [7] Three-year total return, annualized.

MONEY & INVESTMENTS

Weak profits and oil shocks do not necessarily make for bear markets.

DON'T PANIC

Charles E. Babin

In my "Why Bearish Is Bullish" column (FORBES, *May 14*) I advised against letting a faltering economy and disappointing corporate profits color our thinking about stocks. Now the picture is muddled by the oil price surge triggered by Iraq. But if history is any guide, equity markets will weather both storms.

Even before Iraq swallowed Kuwait, Wall Street's bears were skeptical. In July, when the S&P backed off 2% from its alltime high, the financial press abounded with stories attributing the shock to poor earnings comparisons and warning that profits and, hence, share prices would most likely remain depressed for the foreseeable future—a scenario made more plausible by the Middle East crisis.

I disagree. The ability of even accurate profits estimates to presage the market is iffy.

When it comes to security analysis, perhaps no single factor consumes as much horsepower as forecasting corporate earnings. Conventional wisdom holds that investors armed with accurate profit estimates stand to gain. Statistical methods do confirm a relationship between current-year stock price and the upcoming year's earnings. But use of this linkage as a market barometer is questionable.

A casual examination reveals the danger of relying too heavily on profit projections to set equity strategy. Imagine that earnings could be forecast perfectly. Many investors might have soured on equities in 1984 had they known that profits would fall 22% in 1985—followed by another drop in 1986. They would have missed a 6% return in 1984 and an incredible 32% in 1985. It wouldn't have been an isolated incident.

The table shows that the Composite's earnings-per-share growth declined on four occasions during the volatile 1980s. But only one of these events was preceded by a negative stock market. What's more, the robust 1985 stock market was followed by a profit decline, while the best earnings year (1988) was preceded by an anemic market.

Even if perfect earnings estimates were possible, would it matter?

	Investment return from stocks[1]	Following year's profit growth[2]
1980	32.4%	3.6%
1981	-5.0	-17.7
1982	21.6	11.0
1983	22.6	18.6
1984	6.4	-22.0
1985	32.0	-1.0
1986	18.8	20.9
1987	5.2	35.7
1988	16.6	-3.7
1989	31.6	8.5[3]
Average	16.0	5.4

[1] S&P appreciation, plus dividends [2] S&P 500 earnings per share [3] Estimate

Back-testing to 1958 indicates that less than 20% of the annual fluctuation in the S&P's total return can be attributed to the following year's profit growth. An enhanced relationship is uncovered by rolling out the forecast horizon yet another year and measuring earnings momentum, i.e., the acceleration or deceleration of earnings growth. Nevertheless, even this correlation's power to steer equity commitments is limited.

Does the Iraqi situation strengthen the bearish case? Maybe. But experience with previous oil disruptions suggests that there's reason not to give up on stocks. During the Iranian oil crisis (1978-79), equity returns were positive. And in 1980 the S&P's total return topped 32%, amid recession and flagging profits.

The OPEC oil embargo (1973-74) preceded the 1974-75 recession. But only in 1974 did the stock market decline (26%), perhaps anticipating an even deeper recession in 1975. Still, it would have been a mistake to panic. The S&P recovered in 1975 and tacked on 25% in 1976.

Thus, in my opinion, weak profits and Iraqi sword-rattling do not necessarily make for a bear market through 1991. For tactical decisions, what's needed is a variable that anticipates the stock market and can directly estimate its investment potential. Fortunately, there's a solution: interest rates.

History shows that competing financial markets do not move in unison and that careful monitoring of the credit market, as measured by three-month Treasury bills, can be a useful guide in making equity decisions. For more than a year—even in the face of an oil crunch—interest rate movements have been signaling a positive outlook for stocks.

While there are land mines, investors should be wary of gloom-and-doomers. In the week after the Kuwait invasion, the S&P declined less than 5% and was within about 8% of its July peak. Today's market is proving remarkably buoyant, in spite of frightening news from the Persian Gulf and weak profits at home. That the market is this resilient suggests that 1991's business environment will be healthier than many experts suspect, Saddam's ambitions notwithstanding. ■

Charles E. Babin is managing director of BRS Capital Management, Inc., an investment management firm, in Boston.

AFTER THE PANIC, WHAT?

THE POTENTIAL FOR PEACE IN RUSSIAN OIL

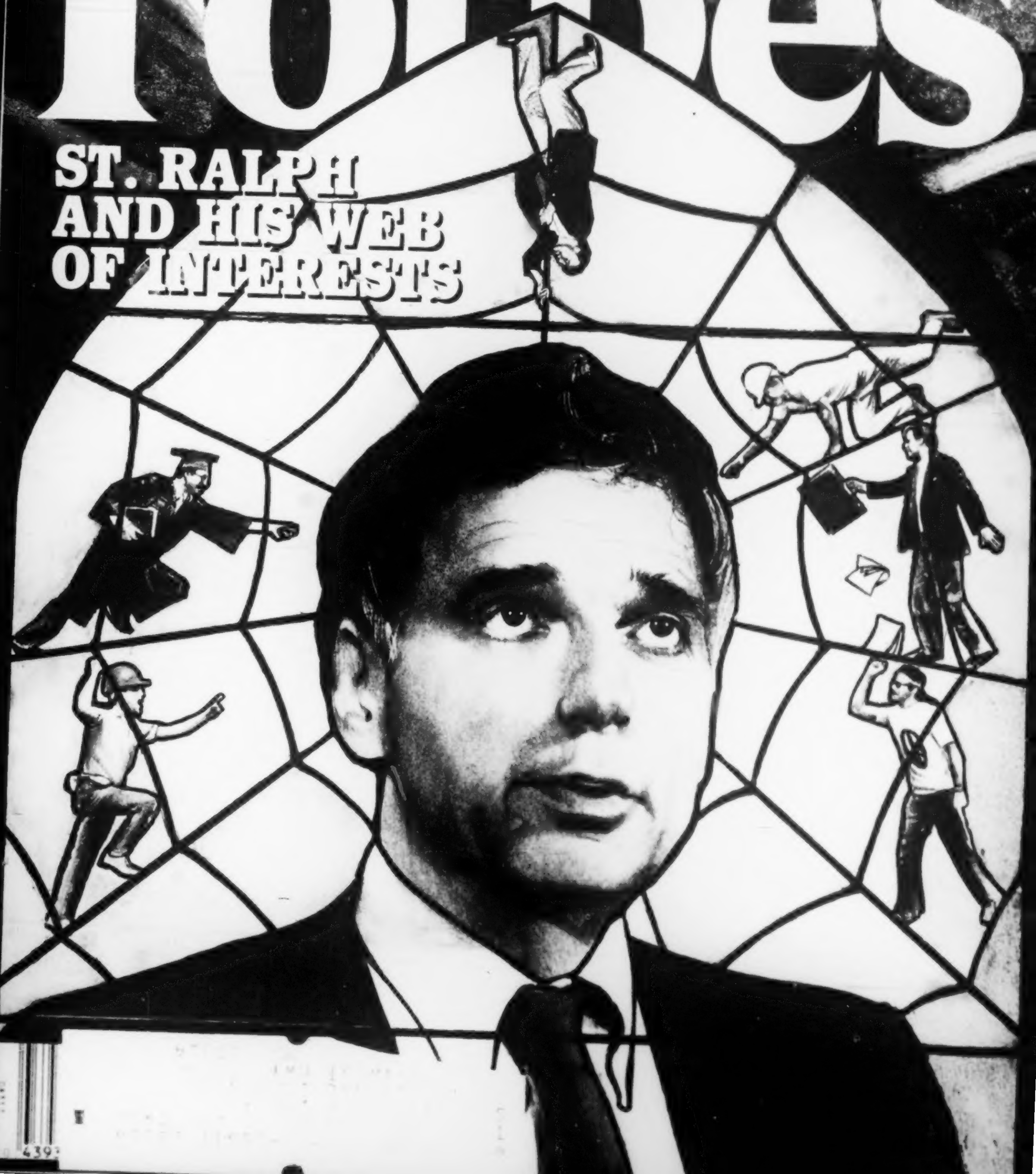
TAX PITFALLS FOR HOMEOWNERS

SEPTEMBER 17, 1990

THREE DOLLARS SEVENTY-FIVE CENTS

Forbes

ST. RALPH AND HIS WEB OF INTERESTS



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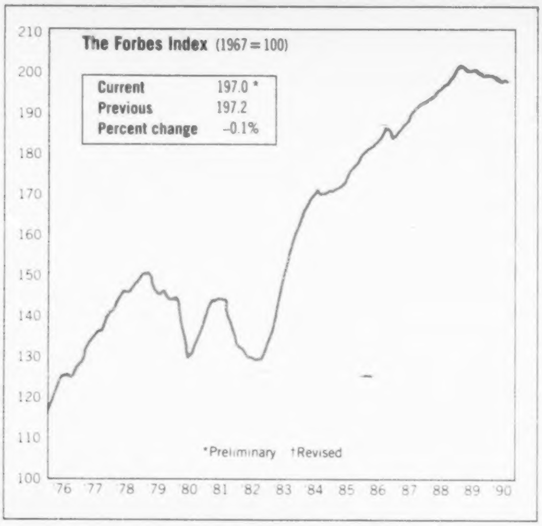
The Forbes Index



July's economy, reflected in the chart at left, is weak; the future looks worse. The spurt in oil prices (to $31 a barrel, nearly double June's low of $16.60) largely escaped the July data collection and is going to hurt future price reports. Consumer prices rose 0.4% in July, but lower energy prices contributed to keeping this number down that month. Also, lower oil prices helped the U.S. trade deficit fall to $5 billion in June, the lowest monthly rate in seven years. Over the last two months, retail sales increased 1.2%. New housing starts are 18% below the year-ago level.

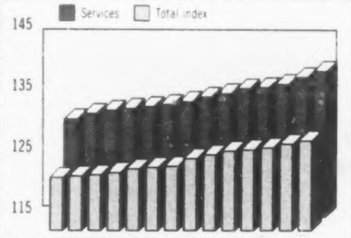
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	-4.6%
Index of leading indicators June vs. May	Dept of Commerce	0.0%
Trade balance last 12 months ending June 1990	Dept of Commerce	-$101 bil
Producer price index July vs. 1989[2]	Dept of Labor	3.4%
GNP 2nd quarter vs. 1st—annualized growth	Dept of Commerce	1.2%
NBER Experimental Recession Probability Index[3]	Natl Bureau of Economic Research	5.0%

[1] U.S.-based manufacturers, excludes imports, as of 8/20/90. [2] Finished goods. [3] June 1990.

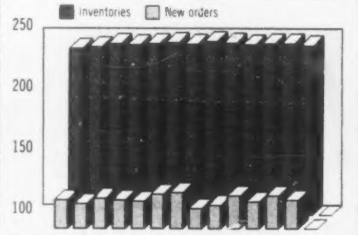
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

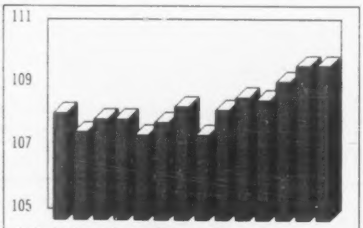
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



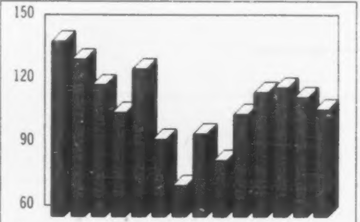
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



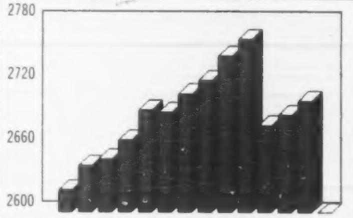
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



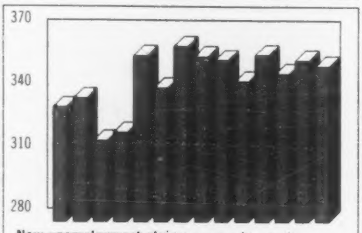
Industrial production index (1987=100) seasonally adjusted (Federal Reserve)



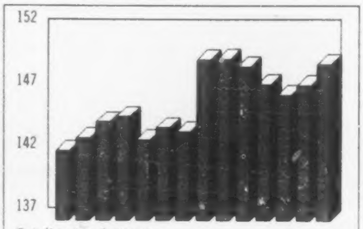
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



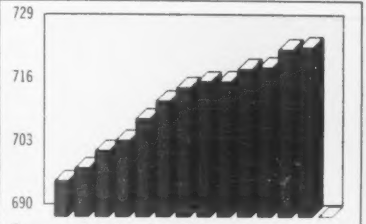
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve) catalogs and practically gave them away for 5 East German marks (the equivalent of 80 cents at official rates) in a whirlwind tour of the country in June. Thousands of unabashed East Germans crowded around her vans, clamoring for catalogs. She expects sales this year to be up by 15%.

As soon as property laws have been clarified, Uhse says, she'll open 20 stores across the border, plus license her name to locals wanting to take the self-employment plunge. Somebody, apparently, has already beaten her to it. In Zwickau, the first East German sex shop has already opened, complete with yellow awnings.

The demand from the Eastern bloc came just in time for Europe's sex industry, which appears to be suffering from a bit of overcapacity and creeping old age. The media end of the West German sex business alone is estimated to be between $1.3 billion and $2 billion. Klebe, the "lust paper" editor, figures there are between 6,000 and 7,000 sex shops in West Germany alone, and characterizes the competition as "cutthroat." Uhse, berry-brown from a recent visit to a French nudist camp, agrees. "Too many idiots came into the market," she says. "Their pricing is all wrong. They are practically giving it away."

Meanwhile, back in Hamburg's St. Pauli district, the union of the two Germanys continues, but not always smoothly. The 2 a.m. beat cop says many East Germans order drinks but don't have enough money to pay.

A wooden gate across the Herbertstrasse—where painted women sit in windows and sip schnapps—clearly states that only men are allowed in the alley. But that doesn't seem to deter East German women who by the busload pour down the alley to gawk. It's terrible for business. The prostitutes are fighting back now, dousing the rude intruders with water tinged with coffee, so it looks like urine.

"The East Germans don't understand," says Klebe. "These are working women." ■

The Saddam Hussein crash, then the sigh-of-relief rally. There are no hard rules, but if history repeats the pattern of past war scares, look for the stock market to rise.

Remember the Maine!

By Thomas Jaffe

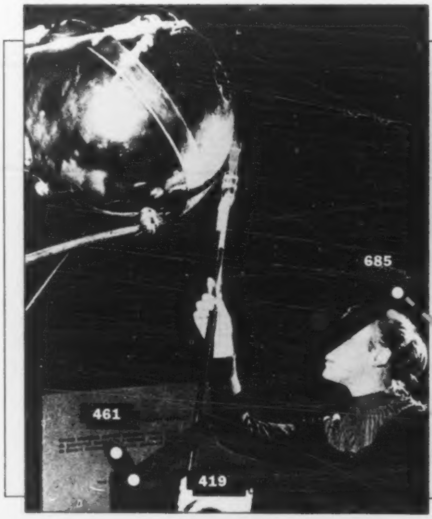
EVERYBODY was waiting for the sigh-of-relief rally, and finally it came. Over two days in late August the Dow Jones industrial average recovered 128 of the 416 points it lost after Saddam Hussein invaded Kuwait and raised the specter of a serious war. President Bush's decisive sending of troops and ships and the world's dilatory but near-unanimous approval of sanctions against Iraq had the effect of calming investors.

What next?

For some clues, FORBES examined stock market patterns after similar war crises:

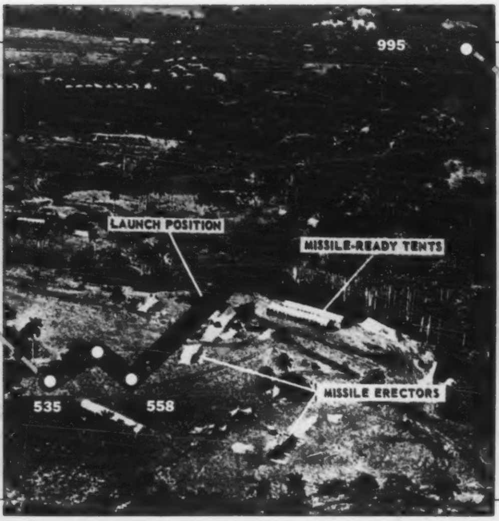
When saboteurs blew up the U.S. battleship *Maine* in Havana harbor on Feb. 15, 1898, it appeared for a time they'd detonated the market as well. Between that date and Mar. 25 the Dow fell 16%, from 50 to 42. But, by the end of May, with the U.S. at war

Sputnik



UPI/Bettmann

Cuban missile crisis



UPI/Bettmann

Tet Offensive

with Spain, the market had rallied back above 50. Some 18 months later, in September 1899, the Dow peaked at 77, 83% over its post-*Maine* low.

This has been the general pattern in war crises: a fast crash and then a recovery. But not all the rallies are as quick in the making as that of the Spanish-American War. Take World War II. When, after months of the phony war, Germany finally attacked the Low Countries on May 10, 1940, the market slumped badly. By May 24, with the Allies in a rout and France doomed, the Dow had dropped from 144 to 113, and it continued drifting downward for two more years, to its low of 92—this, as the Japanese noose tightened around Bataan and Corregidor.

It wasn't until May and June of 1942, when U.S. victories at the battles of the Coral Sea and Midway stopped Japan's advance in the Pacific, that investors began to smell that the Axis goose was cooked. The market slowly started to turn, and its recovery continued straight through the end of the war—until May 1946, by which time the Dow stood at 212.

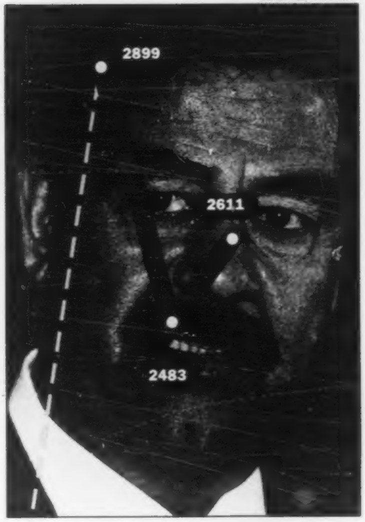
Although the launching of Sputnik may not, at first blush, appear to have been a military crisis, it carried a devastating implication that the Soviets might have gained a technological edge in the arms race. On Oct. 4, 1957, the day Sputnik went up, the Dow was at 461; by Oct. 22 it had dropped 9%, to 419. The market didn't return to pre-Sputnik levels until May 1958. Then, with investors having finally realized that the U.S. was not being overwhelmed by Soviet technology, the market went into its own orbit. The Dow peaked at 685 on Jan. 5, 1960.

Another such rally followed the Cuban missile crisis. In September of 1962, the market was marking time around 600, down substantially from the previous year's high of 734. When, on Oct. 22, Kennedy made his TV speech alerting Americans to what the Soviets had been up to in Cuba, the Dow dropped to 558. And that was it. The Soviets blinked; the crisis was discounted; a sigh-of-relief rally began that lasted more than three years. On Feb. 9, 1966 the rally ended with the Dow at 995—a level it took nearly two decades to surpass by a substantial margin.

Some sigh-of-relief rallies are brief. Take the one that followed the Six-Day War in the Middle East. In May 1967 the Dow nosed above 900 for the first time since June 1966, but on June 5 the Arab-Israeli war erupted and the market fell to 847. Then it quickly recovered, going as high as 943 by September. That 11% gain couldn't be sustained, however. The market sold off once more.

North Vietnam launched the Tet Offensive on Jan. 30, 1968. At the time, the Dow was at 859. By Mar. 21 it had fallen to 825. On Mar. 31 President Johnson announced he wouldn't run for reelection. The following day, April Fools', the market rose to 861. Investors began to discount the end of the war, figuring that Johnson's successor would pull out of the costly and inconclusive war. The sigh-of-relief rally continued until Dec. 3, 1968, when the market reached 985, nearly 20% above its post-Tet low. But then it fizzled. The war would drag on; overly optimistic investors had fooled themselves.

Susan May Tell/SABA



Saddam Hussein

One crisis that had scant effect on the market was the Yom Kippur War of October 1973; the market was rising when it started and kept rising throughout, only to collapse later in the year and continue a long slide that had actually begun in January 1973.

In short, there is no single pattern in postcrisis markets. Some turn into long-lived rallies, such as the markets that followed Sputnik and the Cuban missile crisis. Others are just flashes in the pan, as was the case after both the Six-Day War and Johnson's decision to bow out.

If there are no hard-and-fast patterns, there do seem to be a couple of very general lessons in this brief history of markets and military crises. Lesson One: Markets like peace and eagerly anticipate it. As the French used to say, buy when the cannons start firing, and sell when the bugles sound retreat.

Lesson Two: It is difficult, and probably foolhardy, for individual investors to trade the plunges and rebounds of a market trying to digest news from the front. Unleveraged long-term investors have made out well in the past; short-term investors on margin have not. Lesson Three: underlying economics matter.

What will happen this time? Prior to Saddam Hussein, the market had already turned down on concerns about the budget deficit and an economic slowdown. The Gulf crisis may merely have hastened the drop. In any case, the crisis has already been discounted, both as to its early panic and sigh-of-relief phases. What happens from here on is likely to be determined by what happens to the U.S. and world economies. ■

Yom Kippur War

UPI/Bettmann

Gamma Liaison

The Forbes Wall Street Review

By Eric S. Hardy

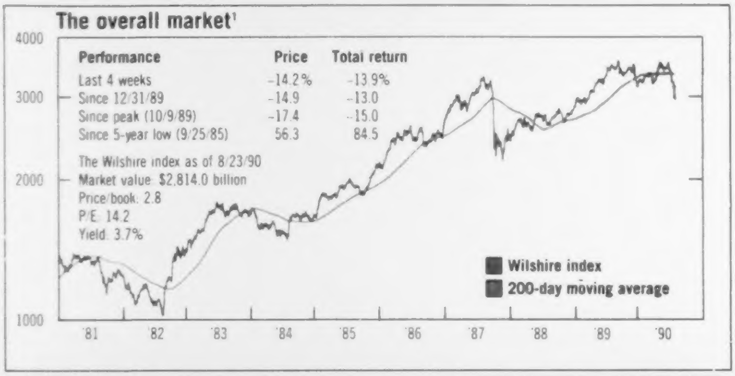
The stock market collapse continued over the two weeks to Aug. 23, with a 10% fall in the Dow coming on top of a 5.5% fall for the previous two weeks (the first weeks after Iraq's invasion of Kuwait).

Yet, by many historical measures (including price/earnings ratios, dividend yields and price/book ratios), the market is still expensive. Since July 26, the Wilshire 5000's P/E multiple (against trailing 12-month earnings) has sagged only to 14 from 16.

For most of the past decade, smaller companies fared worse than blue chips, and many analysts (and FORBES) have recently argued that the time was ripe for a rebound in small stocks. But the current market crash is hurting them the most. The Nasdaq index is down 19% over the last month. Daily Nasdaq volume, meanwhile, has averaged 136 million shares and hit a high for the year of 203 million on Aug. 3. This may dispel the notion that lack of liquidity is behind Nasdaq's weakness.

Gold stocks have survived this rout. But Marc D. Cohen of Kidder, Peabody argues that gold has been surprisingly weak, given the boost you would expect it to get from a weakening dollar and expectations of oil-fed inflation. His conclusion is that underlying pressures are bearish for gold and that gold will retrench if there is any alleviation of the Middle Eastern hostilities.

The overall market[1]



Performance	Price	Total return
Last 4 weeks	-14.2%	-13.9%
Since 12/31/89	-14.9	-13.0
Since peak (10/9/89)	-17.4	-15.0
Since 5-year low (9/25/85)	56.3	84.5

The Wilshire index as of 8/23/90
Market value: $2,814.0 billion
Price/book: 2.8
P/E: 14.2
Yield: 3.7%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
American Barrick Resources	23	14%	68	6,299	1.8
Amax Gold	19¼	12	57	360	2.0
Placer Dome	18¾	10	40	10,141	2.2
Echo Bay Mines	14⅝	9	NM	5,236	1.6
Northrop	16⅜	9	7	1,521	1.1

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
USAir Group	14¼	-30%	NM	2,894	1.6
Goulds Pumps	17⅛	-30	12	4,465	1.3
Boise Cascade	26½	-30	7	3,316	2.4
Metro Mobile CTS	10¾	-30	NM	62	0.5
Neutrogena	14⅛	-29	17	813	0.8

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	2,911.71	-9.8%
Wilshire index 6,000 stocks, equal weighted	18.25	-9.6
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,483.42	-10.0
S&P 500 Capitalization weighted cross section, major stocks	307.06	-9.7
NYSE Capitalization weighted, all listed common stocks	168.88	-9.3
Amex Capitalization weighted total return: stocks, warrants	315.85	-7.5
Nasdaq Capitalization weighted, all issues except warrants	360.22	-12.8
Amex international market index Capitalization weighted, 50 largest ADRs	287.40	-5.3

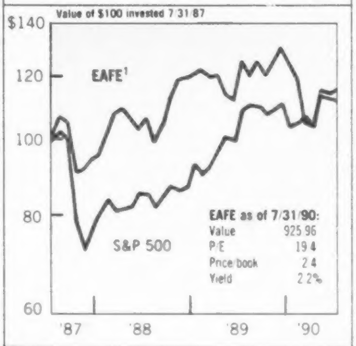
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	783.60	-7.8%
Institutional[5] Approximately 200 stocks with high institutional ownership	94.46	-9.1
Individual[5] Approximately 200 stocks with low institutional ownership	88.66	-7.8
Russell 2000 index 2000 stocks with small market values, capitalization weighted	132.92	-12.9
Gold[6] (composite quote of 6 major dealers)	$411.80	7.3
Yen[6] (per $U.S.)	146.25	-2.3
Commodity index[6] (CRB futures index, 1967 = 100)	243.89	3.5
Oil[6] (W Texas Intermediate)	$31.95	24.6
T bills[6] (90 days)	7.52%	12 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 8/23/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Average daily volume over a 2-week period. [3] Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4] Morgan Stanley Capital International Perspective. [5] For period ending 8/24/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6] Knight-Ridder Financial Information. [7] A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

World Markets Review

By Gustavo Lombo

Foreign vs. U.S. markets



Developed markets

	Total return[2]		
Market	3 months	12 months	P/E
UK	27%	15%	11
Sweden	25	18	14
Switzerland	21	18	14
Australia	19	7	13
Austria	19	129	59
France	1	26	12
Findland	4	−21	14
Japan	8	−25	40
US	8	6	16
Belgium	9	18	11

Emerging markets

	Total return[2]		
Region	3 months	12 months	P/E
Latin America	12%	4%	NA
Asia	−34	−27	NA

	Total return[2]		
Country	3 months	12 months	P/E
Greece	138%	424%	32
Turkey	42	769	25
Venezuela	28	109	11
Taiwan/China	−50	−44	38
Philippines	−16	−1	18
Korea	−14	−19	22

If it's any consolation to investors in the U.S. market, which fell 15% in the four weeks to Aug. 23, foreign markets are suffering Iraq fever, too. The Japanese Nikkei index hit a recent 23,737, down 39% from this year's high of 38,713 in early January. Caution: Even at today's lower prices, Japanese stocks are overpriced with respect to world markets, in the view of John Templeton, the Bahamas-based money manager.

The recent turmoil on the world's stock exchanges does, however, serve to point up the value of overseas investing to U.S. investors. An international portfolio provides diversification not only among markets but among currencies. Thus, for the three months ended July 31, the cutoff date for most of the tabulations on this page, a strong pound brought the U.S. return on U.K. stocks to 27%, even though British investors saw a gain of only 12%. Since the end of July, U.K. stocks have retraced some of these gains: They're off 10% locally and 6% to U.S. investors.

Who's Hot

Company/country	Business	Price	3-month price change	P/E
Nippon Light Metal/Japan	metals	8½	73%	45
Fitch Lovell/UK	consumer prods	5¼	65	13
Cycle & Carriage/Singapore	automotive	2¾	62	17
Svenska Handelsbank/Sweden	banking	24⅝	58	10
DYNO/Norway	chemicals	27⅜	57	13

Who's Not

Company/country	Business	Price	3-month price change	P/E
Jones David/Australia	merchandising	5	−35%	4
Michelin B/France	ind components	17½	−28	4
Philips/Netherlands	appliances	15¼	−25	7
Magneti Marelli/Italy	elec & electron	1¼	−24	16
Citroen Hispania/Spain	automotive	9¼	−24	4

Cheap Foreign Stocks

Company/country	Business	Price	Earnings	P/E
Bayer/Germany	chemicals	178⅜	$23.26	8
Thyssen/Germany	metals	182⅝	22.00	8
Cie Generale Elec/France	elec & electron	118¼	9.02	13
Banca Commerciale/Italy	banking	5⅛	0.35	15
National Westminster Bk/UK	banking	6	0.37	16

High-Yielding Foreign Stocks

Company/country	Business	Price	Yield	P/E
Gen Property Trust/Australia	real estate	2¼	9.2%	11
Natl Australia Bk/Australia	banking	5¼	9.1	8
EBES/Belgium	utility	126¼	8.7	10
Elders Res/New Zealand	paper prods	1⅛	7.8	10
Hoechst/Germany	chemicals	169	7.5	7

Note: Data for period ending 7/31/90. Selected stocks have a market capitalization of at least $300 million. [1]EAFE is a price return index of European, Australian, New Zealand and Far Eastern stocks converted into U.S. dollars. [2]Performance numbers reflect both local price change and currency fluctuation. Dividends are reinvested after subtracting foreign withholding tax. NA: Not applicable. Principal source: Morgan Stanley Capital International Perspective. Emerging markets data provided by International Finance Corporation ending 6/30/90.

THE WORLD'S HIGHEST PAID ENTERTAINERS

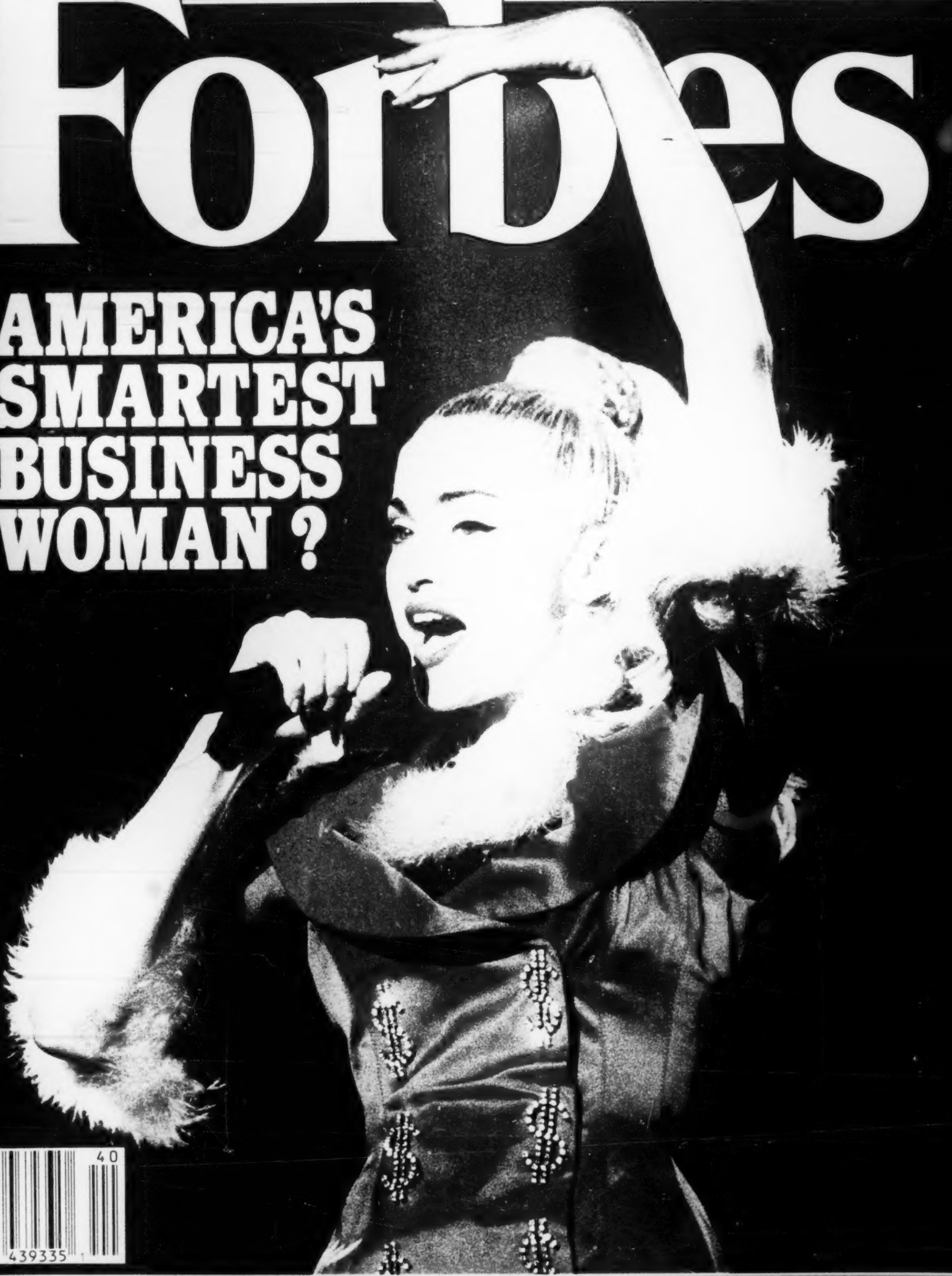
CHRYSLER'S SURVIVAL STRATEGY

DOING DEALS WITHOUT JUNK

OCTOBER 1, 1990

LARS SEVENTY-FIVE CENTS

Forbes



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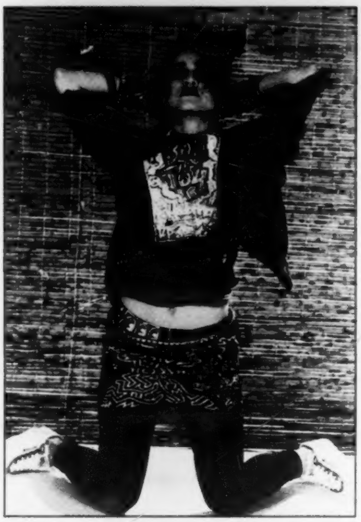
Forbes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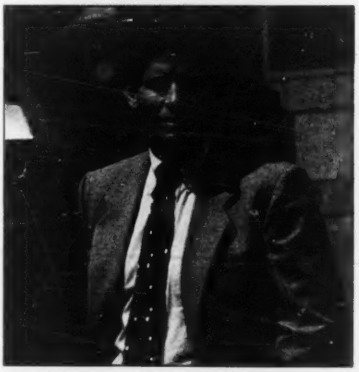

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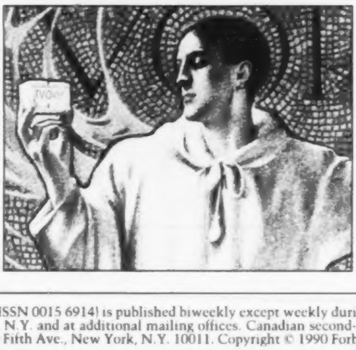

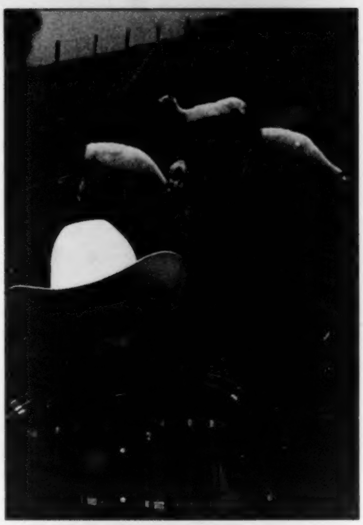

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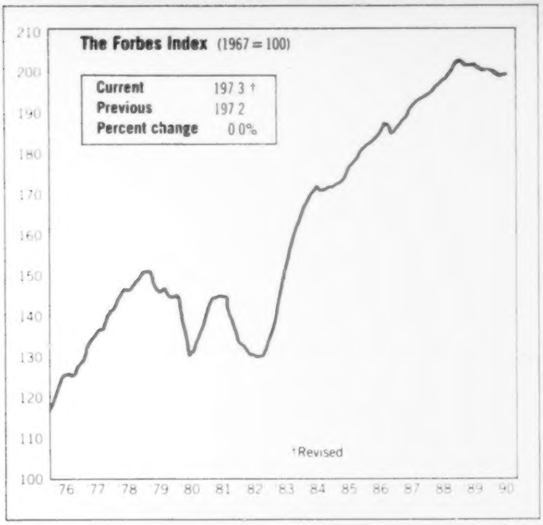
The Forbes Index



With all but one component reporting, the July Forbes Index is unchanged. The great American job-creation machine seems to be slowing down. The August unemployment rate rose to 5.6% of the eligible work force, while nonfarm payrolls fell 75,000, to a seasonally adjusted 110.7 million workers. This drop, small but disconcerting, follows a decline of 89,000 in July. The last time the work force declined for two consecutive months was from November to December 1982, just when the economy was emerging from a recession. Will we be so lucky this time?

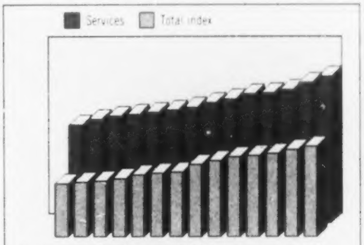
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	-5.5%
Index of leading indicators July vs. June	Dept of Commerce	0.0%
Trade balance 12 months ended June 1990	Dept of Commerce	-$101 bil
Producer price index July vs. 1989[2]	Dept of Labor	3.4%
GNP 2nd quarter vs. 1st—annualized growth	Dept of Commerce	1.2%
NBER Experimental Recession Probability Index[3]	Nat'l Bureau of Economic Research	3.0%

[1] U.S.-based manufacturers, excludes imports, as of 8/31/90. [2] Finished goods. [3] July 1990.

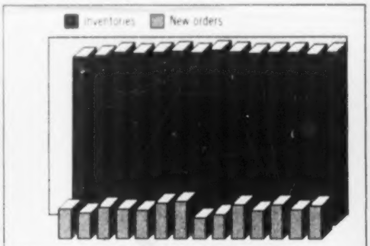
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

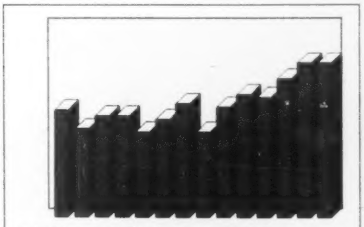
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



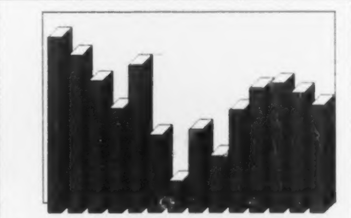
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



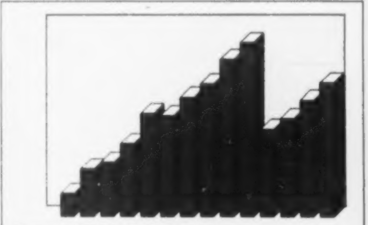
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



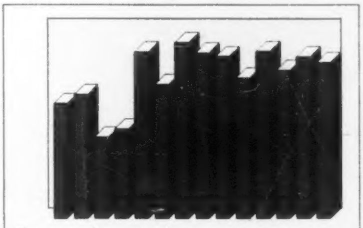
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



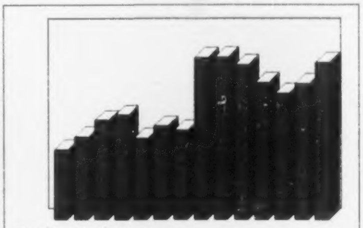
New housing starts (thousands) privately owned unadjusted (Dept. of Commerce)



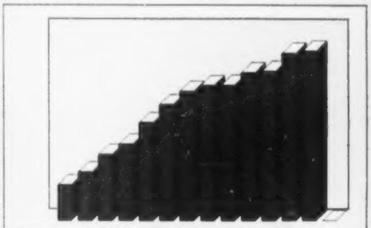
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



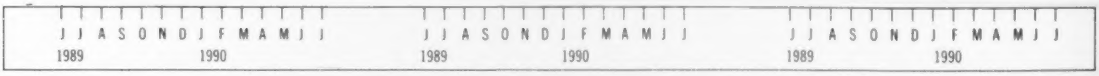
New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



Gone are the days when studios could hire star names for "bargain" salaries like $3.5 million per flick. You want a big name today, you make him or her your partner.

Golden boys and girls

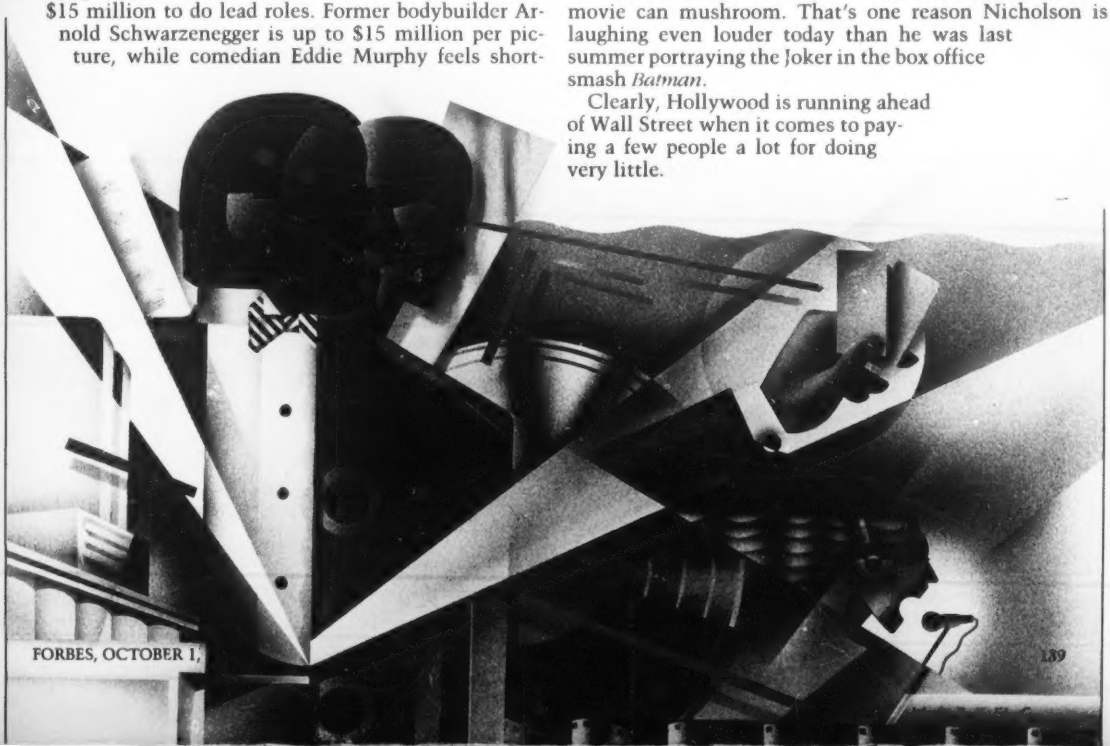
By Peter Newcomb with Matthew Schifrin

DISNEY WAS bubbling two years ago. The Hollywood entertainment giant had just landed movie actor Tom Cruise for its picture *Cocktail*. And for "only" $3.5 million.

That's a bargain? Paying an actor $3.5 million plus a percentage of the box office take for 14 weeks' work? By movie standards, yes. Today Cruise is said to be asking $10 million per flick. *Die Hard 2* hero Bruce Willis demands $15 million to do lead roles. Former bodybuilder Arnold Schwarzenegger is up to $15 million per picture, while comedian Eddie Murphy feels shortchanged by getting only $12 million for a single role. After all, Sylvester Stallone got $25 million for *Rocky V*, scheduled to be released in November.

Stars are also demanding a slice of revenues from the home video versions of the movies. Murphy, Schwarzenegger and Jack Nicholson can command more than 10% of a studio's videocassette income. With blockbusters that sell more than 5 million cassettes, a star's total take on a movie can mushroom. That's one reason Nicholson is laughing even louder today than he was last summer portraying the Joker in the box office smash *Batman*.

Clearly, Hollywood is running ahead of Wall Street when it comes to paying a few people a lot for doing very little.



Illustrations by John Mattos

Is it any wonder then that five new members of this year's Forbes Top 40 are direct beneficiaries of this new pricing system? Sean Connery, Cruise, Michael Douglas, Willis and *Indiana Jones* star Harrison Ford all got onto the list in part because they went for a share of the profits on movies they act in.

The new financial calculus has changed the way Hollywood's big studios make movies. Growing more rare are films such as *Cocktail*, which made big profits for its backers because it was produced for just $17 million—peanuts by current Hollywood standards. Nowadays it isn't unusual for a film to cost upwards of $40 million, and that's before the distributor spends a further $10 million to $20 million to promote the film and get it to the movie houses.

What's new, however, is that, like Wall Streeters, some of today's box office stars are waiving large up-front salaries for a bigger piece of the box office gross. Schwarzenegger, for instance, passed on a salary for the 1988-89 hit *Twins* in order to get an estimated 15% of the movie's box office receipts, giving him a back-end payment of $17 million or so. Tom Cruise waived a huge salary and worked for minimal pay in Oliver Stone's *Born on the Fourth of July*. Cruise's share of the gross—including videocassette sales—earned him an estimated $10 million.

This trend shows actors' increasing financial savvy, but it also can be seen as a reaction to the huge up-front costs that movie studios are incurring. With many big-budget films having trouble making a profit these days, don't be surprised if studios someday start pushing back-end payments in lieu of hefty salaries. What better way to keep costs down and make more reasonably priced flicks?

At the rate things are going in Tinseltown right now, however, a $40 million movie may sound like a bargain. It has been predicted that the total cost of Francis Ford Coppola's *Godfather Part III* could reach $70 million. Complains Mace Neufeld, who produced this year's hit *The Hunt for Red October*: "I don't see how it can escalate much more without making films economically unfeasible. How many *E.T.*s are there?"

Hollywood producers have been complaining about escalating costs for at least 50 years. Yet the movie industry keeps getting richer and richer. Adam Smith wouldn't be mystified. The market for movie entertainment has grown exponentially, and so have the potential rewards for big hits. Therefore, since star names increase the chances of having a hit, the sky becomes the limit for stars who can produce global box offices.

Tallying the score

As usual, Forbes' list of the top 40 entertainers is based on the stars' gross earnings over a two-year period. Thus, projected earnings for this year are added to last year's take. This tends to smooth out the inevitable lumps in entertainers' income. Movies, concert tours or albums can be a year or more in the making, so most artists' earnings are sporadic. And remember, these are earnings before such expenses as taxes and a manager's fixed cut.

In estimating an entertainer's gross income, Forbes talks with industry executives, lawyers, agents and managers. Earnings figures for recording artists are based on royalty payments from record and video sales, as well as estimated pretax gross on concert tours. While a band might take in $30 million in ticket sales, most are lucky to walk away with 25% of that after covering basic tour costs. Our figures take into account expenses like travel, lighting and staging, as well as technicians' and stagehands' pay.

As affluence has spread throughout Western Europe and East Asia, new audiences have been created. Technology has helped expand the market. Because of global communications, a performer who is a big star in one place can quickly become a big star anywhere in the world. On top of that, adolescents and children today have greater amounts of disposable income, and they are big moviegoers.

As the movie business has gone global, so, too, has the record industry. Says entertainment attorney John Branca: "A poll taken of Soviet music fans put the Rolling Stones and Michael Jackson on top of their list."

Jackson and the Rolling Stones remain near the top of the Forbes list as well. After raking in nearly $100 million in ticket sales last year from their Steel Wheels tour of North America, the Stones rolled their show to Japan and then Europe. The profitable tours combined with record sales put the Stones at the third spot on this year's list. Jackson slipped from first place to second this year, but, with a new record expected, he will likely make another strong showing on next year's Top 40 list.

New records and concert tours helped veteran rockers Paul McCartney and Billy Joel make the grade after falling off in recent years. Janet Jackson, little sister of second-ranked Michael, landed on the list at the 26th spot thanks to her new album and tour, *Janet Jackson's Rhythm Nation 1814*.

Nobody's music videos seem to have gotten more airtime in the past year than cheerleader-turned-video-star Paula Abdul, 28. Abdul's debut album went number one and sold over 11 million copies. Her clean and sassy image made her a hit with youngsters while the dance-oriented music attracted an older, club-hopping audience as well. Peddlers of trendy goods hitched themselves to her rising star: L.A. Gear signed the former Los Angeles Lakers girl to an estimated $12 million endorsement deal. In all, Abdul made an estimated $23 million over the past two years, good enough to put her in the number 33 spot on our list.

The biggest splash of all in this year's ranking was made by the teen dance group New Kids on the Block. The fivesome jumped from oblivion to the number five position. The clean-cut Kids helped bring Columbia Records out of the doldrums, selling more than 20 million records in just

over two years. Their current tour is packing concert halls nationwide, and a movie is set to go into production at the beginning of next year. New Kids merchandise—such items as T shirts, lunch boxes and calendars—flew past the quarter-billion-dollar mark this year, and depending on what happens at Christmas, that number could be much higher.

The New Kids' success is largely attributable to the ever-richer market among kiddoes—some of them barely out of diapers (FORBES, *June 11*). The audience is so attractive that Walt Disney Records is making a strong pitch for the 3-to-11-year-old market. Among Disney's new acts is Christa Larson, an 11-year-old singer from the national tour of *Les Misérables*. Christa sings and dances to carefully choreographed numbers such as "The Girls on Minnie's Street." Maybe—just maybe—Christa could make the FORBES list someday.

It's said that nobody makes money on Broadway anymore, but producer Cameron Mackintosh proved that maxim flawed. Mackintosh staged the hit musical *Les Misérables*, and his play *Miss Saigon*, though having difficulty opening here, has been a smash abroad. He joins Andrew Lloyd Webber, who until this year had been the list's only Broadway representative.

Number one on our list? Comic Bill Cosby. Despite another box office underachiever, this summer's *Ghost Dad*, and a less than glorious career as a jazz musician, Dollar Bill goes on and on. His number one status should be safe for now: Cosby collects some $4 million a month from syndicated reruns of *The Cosby Show*.

While a handful of stars stuff their portfolios with investments, the money men in the entertainment business are holding their collective breath. This Christmas at least five movies costing a minimum $40 million each will be battling it out for moviegoers' dollars. It's doubtful all of them will do the $80 million to $90 million needed to break even. "Christmas will be a shootout," film producer Robert Cort admits. "Some people will get hurt. It's just a matter of who."

One thing is certain: It won't be the top performers. ■

Supernovas

Like the ones in the sky, Hollywood stars constantly burn out. Eleven stars dropped off the FORBES entertainers list this year. The usually hard-working Bruce Springsteen, on the list since its inception in 1987, took time off from touring and releasing records and instead pursued family life. His new flame, former backup vocalist Patti Scialfa, gave birth to Evan James Springsteen in July.

Another Forbes Top 40 veteran, aerobicist-actress Jane Fonda, also leaves the list. Her much delayed movie, *Old Gringo*, failed miserably last year, and sales of her lucrative workout videos have finally cooled somewhat. On a happier note, Jane's new boyfriend, Ted Turner, should be able to help her make her money work harder.

After splashing onto the list last year, British rock singer Rod Stewart falls off. With no concert tour, raspy Rod couldn't keep pace. Also off the list is comic actor Bill Murray. Murray made the list primarily from his share of *Ghostbusters* profits and the estimated $8 million he got for his role in *Scrooged*. Unfortunately, the film barely broke even, and his latest movie, *Quick Change*, also fizzled. Murray, a renowned baseball fan, goes the way of his beloved Cubs.

Gone from this year's ranking are boxers Mike Tyson and Sugar Ray Leonard. In past years FORBES lumped athletes with the entertainers. But professional sports is a big enough business to be monitored separately, which we did in our Aug. 20 issue. Tyson and Leonard are on FORBES' list of the world's highest-paid athletes.

Barbara Walz/Outline

Bill Murray

Terry O'Neill/Sygma

Rod Stewart

Jeff Slocomb/Outline

Jane Fonda

Neal Preston/Outline

Bruce Springsteen

Picture Group

WILLIAM H. COSBY JR.

2-year total income: $115 million

(1990: $55 million; 1989: $60 million)

Cosby leaped back atop FORBES' list of the world's richest entertainers this year after a two-year absence from the top spot (he was third on last year's list). The cigar-chomping miniconglomerate writes books, performs live stand-up comedy acts, produces television shows and makes records as a jazz musician. He's also one of America's favorite product spokesmen, with his endorsements for JELL-O and Eastman Kodak.

But his movies are still financial and critical letdowns: this year's *Ghost Dad* and his 1987 bomb, *Leonard Part VI*. Luckily for his expensive habit of collecting Colonial American furniture, the 53-year-old comic still rakes it in on syndicated television reruns of *The Cosby Show*—an estimated $4 million a month. Ominously, however, ratings for *Cosby* reruns were poor last season, and this fall the show on NBC airs opposite Fox' animated hit, *The Simpsons*. Tough competition, Bill

MICHAEL JACKSON

2-year total income: $100 million **(1990: $35 million; 1989: $65 million)**

With no tour and no new album, Jackson's earnings fell by almost half this year. That knocked him out of the top spot, which he had occupied two years running on the strength of his *Bad* platter, released through CBS' Epic Records, and concert tour. Don't fret for Michael. His endorsement deals will keep the cash rolling in until his next album hits the stores, probably next year.

Dimo Safari/Sygma

THE ROLLING STONES

2-year total income: $88 million (1990: $44 million; 1989: $44 million)

The Stones catapulted into third place this year, up from eighth, thanks largely to their Steel Wheels concert tour. In North America alone, more than 3 million fans paid a total of $98 million to see the 2½-hour spectacle. The band also drew huge crowds in Japan and Europe. The relationship between band leaders Keith Richards, 46, and Mick Jagger, 47, may have been strained over the years, but it sure is profitable.

S. Emerson/Sygma

NEW KIDS ON THE BLOCK

2-year total income: $78 million (1990: $61 million; 1989: $17 million)

Newcomers to the Forbes list, these five clean-cut youngsters have been making preteen girls swoon by the millions. Columbia Records is dancing to the beat, too, having sold more than 20 million New Kids records in two years. The Kids are even bigger phenoms in licensing: T shirts, lunch boxes and the like could bring $400 million (retail) of business at the cash register this year.

Mark Sennet/Onyx

STEVEN SPIELBERG

2-year total income: $87 million

(1990: $23 million; 1989: $64 million)

Producer-director Spielberg, 42, enjoyed success with his *Arachnophobia* chiller this summer. But there were no blockbusters to rival his past triumphs like *E.T.*, *Jaws* and *Raiders of the Lost Ark* and sequels. These days he's engrossed with animated films, working with Warner Bros. and its Looney Tunes characters.

Theo Westenberger/Sygma

OPRAH WINFREY

2-year total income: $68 million

(1990: $38 million; 1989: $30 million)

The queen of TV talk shows saw a healthy jump in earnings this year. When Oprah, now seen in 13 countries, takes on child abuse, the whole world watches (see box, p. 166).

SYLVESTER STALLONE

2-year total income: $63 million (1990: $25 million; 1989: $38 million)

Stallone, 44, claims he wants to shed his musclehead image, but his action-packed flicks speak otherwise. Star of four Rocky movies, he filmed *Rocky V* earlier this year, and the Tinseltown rumor mill says that he may do a fourth *Rambo* movie before long. When you can get $25 million per movie, who wants to be an egghead?

MADONNA

2-year total income: $62 million

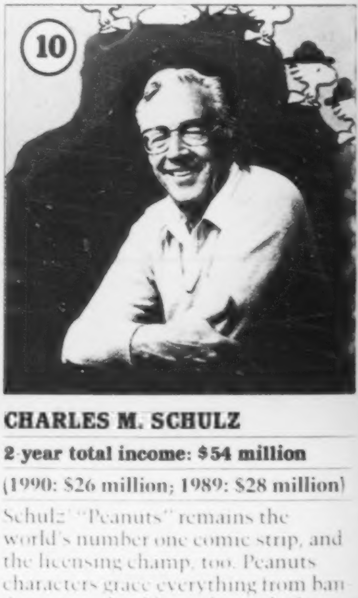
(1990: $39 million; 1989: $23 million)

For this Bay City, Mich. businesswoman, 1990 has been the most materially rewarding year yet. See page 162.

ARNOLD SCHWARZENEGGER

2-year total income: $55 million (1990: $20 million; 1989: $35 million)

Bodybuilder Schwarzenegger, 43, has become one of America's biggest box office draws. Schwarzenegger's sci-fi slaughterfest *Total Recall* was one of this summer's top movies. Most of his 1990 earnings came in the form of an estimated $15 million paycheck for playing the lead in *Terminator 2*.

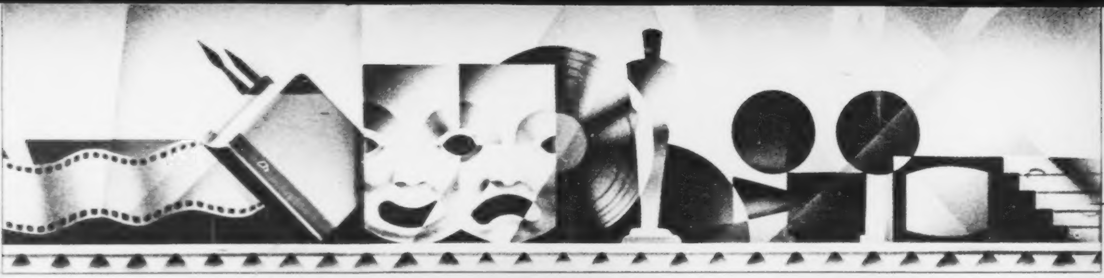


CHARLES M. SCHULZ

2-year total income: $54 million

(1990: $26 million; 1989: $28 million)

Schulz' "Peanuts" remains the world's number one comic strip, and the licensing champ, too. Peanuts characters grace everything from bandages to inflatable pools. And Charlie Brown may have a girlfriend.



[illegible]/Outline

[illegible]/Outline

⑪

JOHNNY CARSON

2-year total income: $50 million

(1990: $25 million; 1989: $25 million)

Carson, 64, has felt the pinch of late-night rival Arsenio Hall. NBC is said to have given Carson one of TV's most lucrative contracts—an estimated $25 million per year.

⑫

JACK NICHOLSON

2-year total income: $50 million **(1990: $16 million; 1989: $34 million)**

Nicholson, 53, inched up from 13th place. His third directorial effort, *The Two Jakes*, got a cool reception this summer, but he's still counting merchandising booty from last year's *Batman*. Having played the devil (*The Witches of Eastwick*) and the Joker, he's now set to star in a film on Napoleon.

[illegible]/Outline

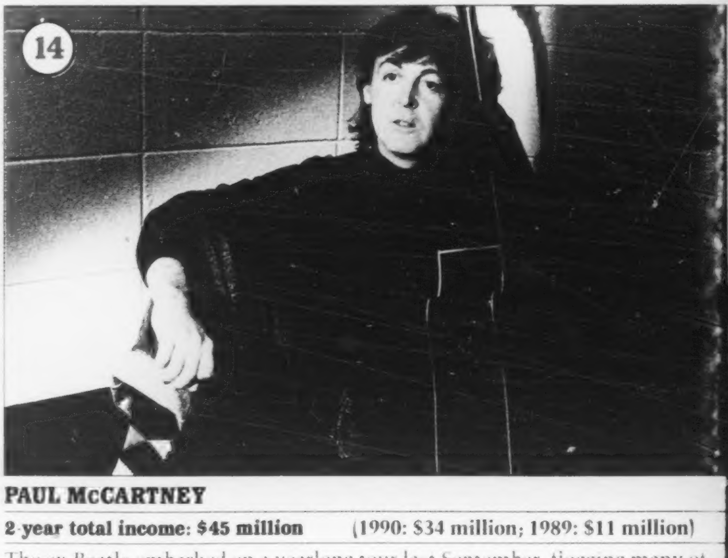
⑬

EDDIE MURPHY

2-year total income: $48 million

(1990: $26 million; 1989: $22 million)

You can't say Eddie Murphy isn't ambitious. The perpetually grinning 29-year-old got Paramount to give him one of the sweetest deals in Hollywood six years ago. He now gets a guaranteed salary estimated to be $12 million per film for his next two films, plus a percentage of the gross. Even so, Murphy is rumored to be shopping for a new deal.



⑭

PAUL McCARTNEY

2-year total income: $45 million **(1990: $34 million; 1989: $11 million)**

The ex-Beatle embarked on a yearlong tour last September, flogging many of the group's tunes for the first time since its 1970 breakup. Predictably, the graying moptop drove the crowds wild—and brought in about $1 million per show. Reportedly, McCartney panned the Stones' and the Who's sponsorship deals, but signed his own estimated $3 million-plus deal with Visa.

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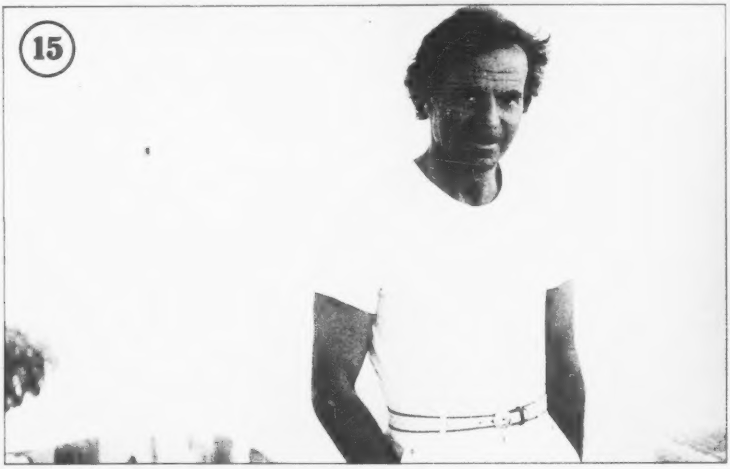

JULIO IGLESIAS

2-year total income: $44 million (1990: $22 million; 1989: $22 million)

At 47, Iglesias maintains one of entertainment's most rigorous touring schedules, playing about 150 shows around the globe year after year. Though his annual income held steady at $22 million, with about 8 million records sold last year, the crooner slipped four notches on the list, to 15.

Neal Preston/Outline

THE WHO

2-year total income: $35 million (1990: $5 million; 1989: $30 million)

The legendary British rock group—Roger Daltrey, Pete Townshend and John Entwistle, now all in their 40s—is still coasting on income from the 25th anniversary tour last year. The Who still perform their 1965 hit "My Generation," complete with key lyric: "Hope I die before I get old." Never trust anyone over 30.

Gail Harvey/Outline

BRUCE WILLIS

2-year total income: $36 million

(1990: $28 million; 1989: $8 million)

A former New York bartender, Willis hit it big as the smart-aleck detective on TV's *Moonlighting*. He wasn't considered a film star when he got $5 million for 1988's *Die Hard*. For this summer's sequel, he got $7.5 million. He's getting $5 million for his role in the film of Tom Wolfe's *Bonfire of the Vanities*, due out by Christmas.

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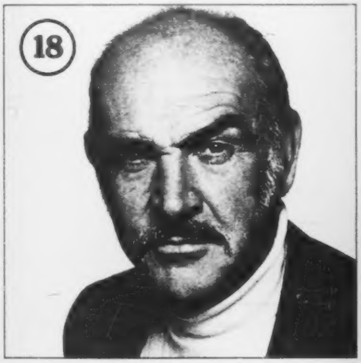
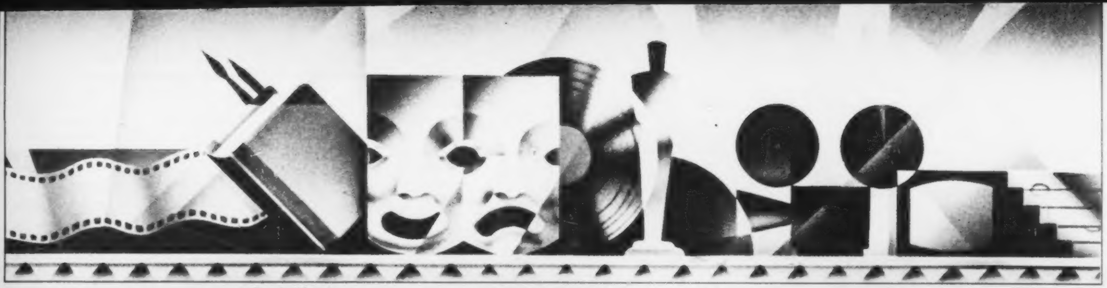


SEAN CONNERY

2-year total income: $35 million

(1990: $27 million; 1989: $8 million)

Remembered best as the original James Bond, Connery won an Oscar for his supporting role in *The Untouchables*. Since then he has stuck to thrillers, including *The Hunt for Red October* and *Russia House*, opening later this year. Next he will work on *The Stand*, a drama. Connery isn't getting older, he's getting richer.



Timothy White/Onyx

[illegible]

Barry Talesnick/Retna

BON JOVI

2-year total income: $35 million

(1990: $10 million; 1989: $25 million)

Earnings dipped this year for the New Jersey rock group, partly because lead singer Jon Bon Jovi (né Bongiovi) had been working on the soundtrack to *Young Guns II*. While no new tour is in the immediate future, the group does especially well with concert merchandise, selling on average $12 worth to each concertgoer.

Timothy White/Onyx

PRINCE (ROGERS NELSON)

2-year total income: $35 million

(1990: $15 million; 1989: $20 million)

This rock funkster from Minneapolis faded after *Purple Rain* with fey albums and bomb movies (*Under the Cherry Moon*). But last year, at age 31, he came back strong with the *Batman* soundtrack. That was enough to move him into the number 20 spot. This fall Prince is coming out with his next film and album, *Graffiti Bridge*.

MICHAEL J. FOX

2-year total income: $33 million

(1990: $23 million; 1989: $10 million)

After a serious acting stint in *Casualties of War* last year, Fox went back to playing boyish Marty McFly this summer in the third *Back to the Future*. Now the 29-year-old Canadian will star in *The Hard Way*, an action comedy due out this winter. Endorsements fattened his wallet, with Honda and Pepsi paying him millions.

[illegible]

BILLY JOEL

2-year total income: $32 million

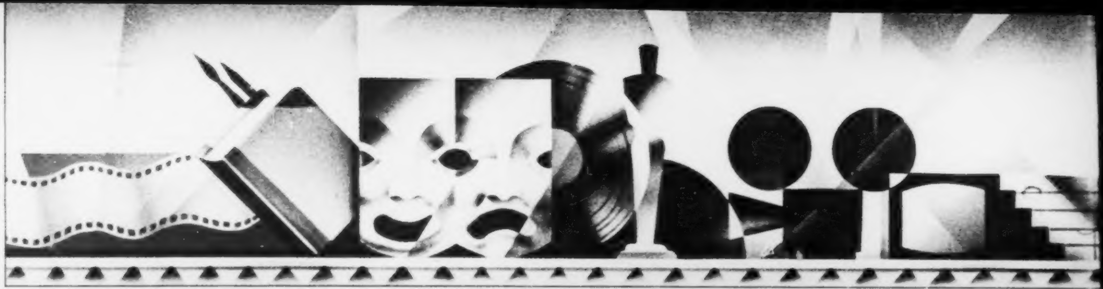
(1990: $26 million; 1989: $6 million)

Joel returns to the Top 40 thanks to his new rock album, *Storm Front*, a 5-million seller. His current tour, the first in three years, should gross over $40 million. In a lawsuit filed last year, Joel claims his former manager (and ex-brother-in-law) frittered away more than $10 million of the star's fortune on bad investments.

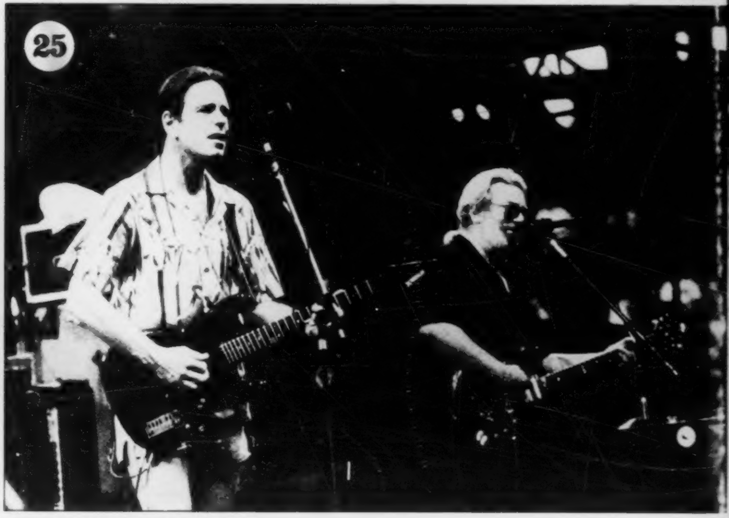
AEROSMITH

2-year total income: $31 million **(1990: $22 million; 1989: $9 million)**

This Boston rock quintet fell victim to drugs and alcohol in the late 1970s but then rose from the ashes after signing with Geffen Records in the mid-1980s. Ever since, they have been living straight and turning out multiplatinum albums. The band's tour this year should gross nearly $30 million.



Timothy White/Onyx



PINK FLOYD

2-year total income: $30 million

(1990: $5 million; 1989: $25 million)

Pink Floyd floated along this year, with no concert tour or fresh album to boost its coffers. Sales of golden oldies helped, including the band's 1973 psychotic rock album, *Dark Side of the Moon,* still a favorite with college students everywhere.

THE GRATEFUL DEAD

2-year total income: $30 million (1990: $17 million; 1989: $13 million)

The Dead have been kicking for a quarter century, playing to their cultish fans, Deadheads. After years of a laissez-faire attitude toward merchandising, the Dead now cash in on tie-dyed T shirts, bumper stickers and buttons. Their new album, *Without a Net,* should be out in September on Bertelsmann Music Group's Arista Records.

JANET JACKSON

2-year total income: $30 million

(1990: $25 million; 1989: $5 million)

Janet Jackson, 25-year-old sister of pop singer Michael, debuts on the FORBES list this year. The source of her wealth? Her *Rhythm Nation* album (A&M Records), of which she sold over 6 million copies. Her current Rhythm Nation concert tour should gross more than $25 million.

SIEGFRIED & ROY

2-year total income: $28 million (1990: $10 million; 1989: $18 million)

A German-born illusionist team, Siegfried Fischbacher and Roy Horn have been raking in money on their live act, a sort of Liberace-meets-Houdini magic show, complete with lasers, rare white tigers and disappearing sequined chorus girls. In 1988 Las Vegas' Mirage hotel and casino signed them to a five-year, $58 million contract.

Jeff Slocomb/Outline

FRANK SINATRA

2-year total income: $27 million

(1990: $13 million; 1989: $14 million)

One of the first artists to have his own record label (Reprise), Sinatra, 74, hit the road in 1988 with the Ultimate Event tour featuring Liza Minnelli and the late Sammy Davis Jr. This year he teamed with old friend and unlikely songster Don Rickles. He also bought an AM/FM radio station in Casa Grande, Ariz. and changed its call letters to KFAS (for Francis Albert Sinatra).

Gary Bogdon/Picture Group

TOM CRUISE

2-year total income: $26 million

(1990: $19 million; 1989: $7 million)

This 28-year-old heartthrob has shown financial savvy, working for minimal pay in last year's hit *Born on the Fourth of July* in exchange for a bigger piece of box office receipts. Likely take: $10 million. He took an estimated $9 million up front for this summer's *Days of Thunder*.

Terry O'Neill/Sygma

U2

2-year total income: $25 million

(1990: $5 million; 1989: $20 million)

After three straight years of strong commercial presence, 1990 proved to be a quiet year for this Irish rock quartet; they dropped 9 slots from last year's number 21 ranking. U2 is working on another album, but with no release date set, the band next year could fall off the list.

Terry O'Neill/Sygma

MICHAEL DOUGLAS

2-year total income: $24 million **(1990: $15 million; 1989: $9 million)**

Douglas, 46, has done his father, Kirk, proud, producing *One Flew Over the Cuckoo's Nest* 15 years ago. He has emerged as unquestionable box office gold, starring in *Wall Street* as well as *Fatal Attraction*. Little wonder he's getting an estimated $14 million to star in the upcoming *Basic Instinct*.

[illegible]/Matrix

ANDREW LLOYD WEBBER

2-year total income: $24 million

(1990: $12 million; 1989: $12 million)

Now 42-year-old Lloyd Webber is trying to go Hollywood, planning movie versions of his hit Broadway musicals *Cats* and *Phantom of the Opera*. The film adaptation of *Cats* will be an animated feature, with Steven Spielberg's Amblin Entertainment. Look for Lloyd Webber to move further up the list.

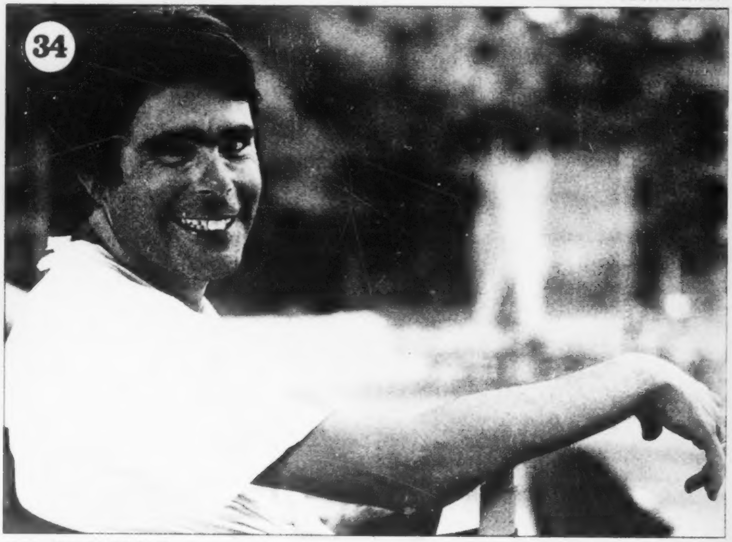
33

PAULA ABDUL

2-year total income: $23 million

(1990: $14 million; 1989: $9 million)

Abdul, 28, left the Los Angeles Lakers' cheerleading squad, and became hugely successful last year thanks to impeccably choreographed music videos. Her debut album sold more than 11 million copies worldwide. Abdul's endorsements include Reebok, Diet Coke and an estimated $12 million deal with L.A. Gear.

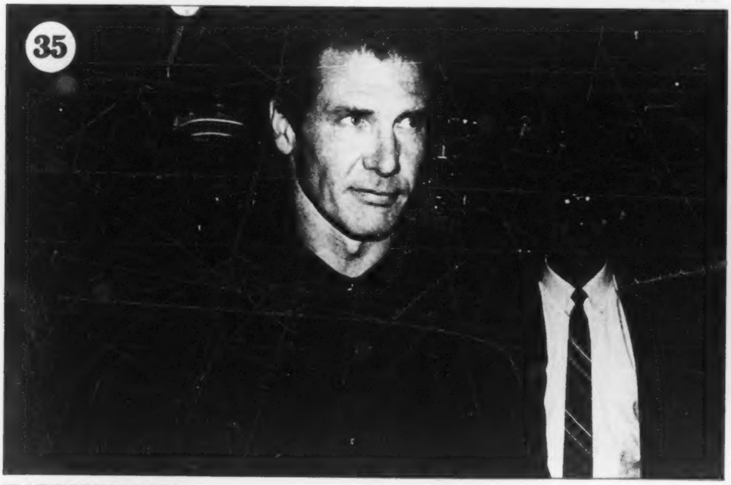


34

STEPHEN KING

2-year total income: $22 million **(1990: $12 million; 1989: $10 million)**

America's best-paid author, King signed a four-book deal with Viking Penguin in 1988 said to be over $35 million. Master of the macabre (*Carrie, The Dead Zone*), King has more than 80 million books in print. Paramount is planning the movie *Stephen King's Graveyard Shift* for Halloween release.



35

HARRISON FORD

2-year total income: $22 million **(1990: $13 million; 1989: $9 million)**

Ford, 48, has starred in six of Hollywood's top ten box office hits, including three *Star Wars* flicks and three *Raiders of the Lost Ark* sagas. This summer's *Presumed Innocent* from Warner Bros. may not break into that top ten roster, but it earned Ford an estimated $7 million for his starring role.

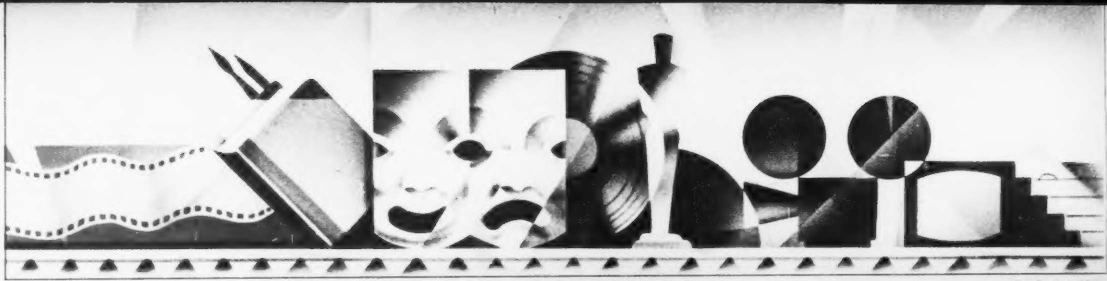
36

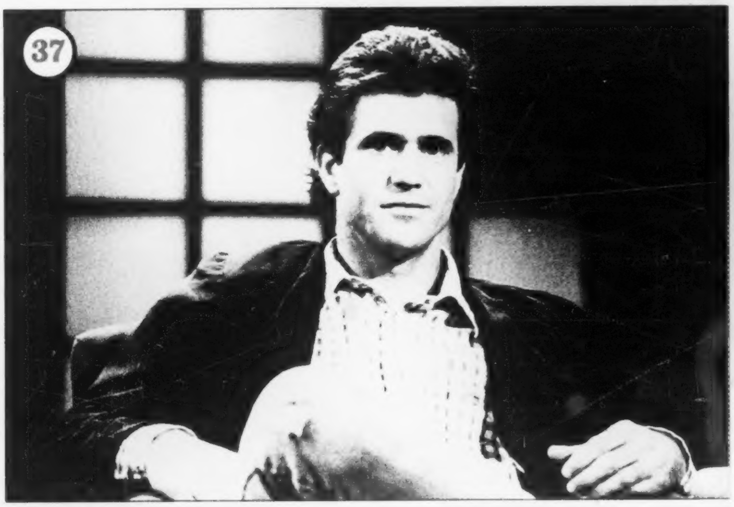
JIM DAVIS

2-year total income: $21 million

(1990: $10 million; 1989: $11 million)

This year was more of the same for Jim Davis, 45 — more cartoons of Garfield, the cranky orange and black cat; more stuffed Garfield replicas stuck inside car windows from coast to coast, and more money for Davis.





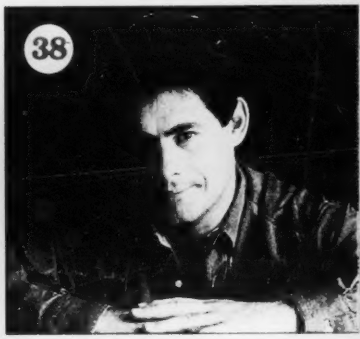
37

Paul Sider Sygma

MEL GIBSON

2-year total income: $20 million (1990: $9 million; 1989: $11 million)

Having starred in three *Mad Max* movies and two *Lethal Weapon* actioners, Gibson, 34, managed to get an estimated $7 million for starring in this summer's *Air America*, a commercial dud. But don't expect to see him next year on the Forbes list. After completing filming of *Hamlet* recently, Gibson announced he's taking a year off.



38

Rex Features Ltd

CAMERON MACKINTOSH

2-year total income: $20 million

(1990: $8 million; 1989: $12 million)

This theatrical impresario, 43, produced the three biggest musicals of the 1980s: *Les Misérables* and, with Andrew Lloyd Webber, *Cats* and *Phantom of the Opera*. He canceled the New York opening of his latest London smash, *Miss Saigon*, in a dispute with the performers' union over casting. But with a record $25 million advance sale, the union backed down, and the show could go on next year.

39

GEORGE MICHAEL

2-year total income: $18 million

(1990: $7 million; 1989: $11 million)

British pop singer George Michael, 27, fell far from the number 10 position on last year's list. This year and last were comparatively dry for Michael, following a $36 million earnings performance in 1988. His big hit album back then was *Faith*, which sold about 20 million copies. Michael's latest, *Listen Without Prejudice*, is set for release in October.

40

GUNS N' ROSES

2-year total income: $17 million (1990: $4 million; 1989: $13 million)

This was a slow year for these Los Angeles-based hard rockers: no new records or concert dates. But fans may soon get another sampling of xenophobic, homophobic record lyrics from these tattooed wonders. The Gunners' new album on Geffen Records is expected early next year.

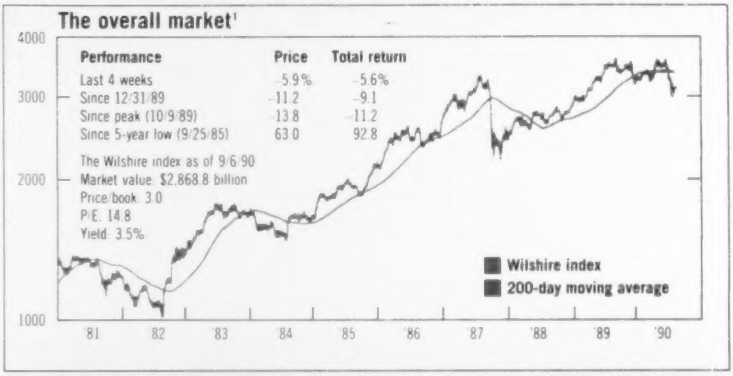
The Forbes Wall Street Review

By Eric S. Hardy

"The Iraqi invasion is merely a political event, not something that's going to fundamentally change the financial markets," says Russell E. Thompson, manager of the $1.6 billion (assets) United Income Fund. Thompson has been standing pat on the market, and now has 20% of his portfolio in cash, against 65% prior to the October 1987 market crash. Thompson is keeping his eye not on the tanks in the desert but on the Federal Reserve. If the Fed loosens up the money supply, some financial companies will benefit. He cites Federal National Mortgage, Sallie Mae, Beneficial Corp. and Household International. All four have, in varying degrees, taken steps to insulate themselves from rate fluctuations by balancing assets and liabilities. But they remain sensitive to interest rates.

The Wilshire index of 6,000 issues is 4.3% higher (as of Sept. 6) than it was two weeks earlier. Stephen Leeb, editor of *Indicator Digest*, points out that, since 1968, almost all sudden and sharp market drops have been followed by bullish markets. "On average, after four-week declines of at least 10%, the market was 14.5% higher 30 weeks later," he says.

As the market recovered, gold stocks suffered. Right after Iraq's march into Kuwait, some gold stocks posted double-digit gains. In the last two weeks, five of the ten worst-performing stocks were gold issues.


The overall market[1]

Performance	Price	Total return
Last 4 weeks	-5.9%	-5.6%
Since 12/31/89	-11.2	-9.1
Since peak (10/9/89)	-13.8	-11.2
Since 5-year low (9/25/85)	63.0	92.8

The Wilshire index as of 9/6/90
Market value: $2,868.8 billion
Price/book: 3.0
P/E: 14.8
Yield: 3.5%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Mylan Labs	19⅛	32%	23	2,883	0.9
NL Industries	13	30	6	786	2.4
US Surgical	52¼	26	38	1,376	1.2
Carnival Cruise Lines	17⅝	21	13	695	0.7
US HealthCare	19⅞	20	22	3,413	0.8

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
MNC Financial	5⅛	-29%	11	3,423	1.1
Oracle Systems	9⅞	-23	11	20,408	1.5
Amax Gold	15⅝	-19	46	331	1.6
Corona	5½	-17	18	5,166	3.0
Stone Container	10½	-16	3	1,743	1.1

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	3,038.04	4.3%
Wilshire index 6,000 stocks, equal weighted	18.73	3.8
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,596.29	4.5
S&P 500 Capitalization weighted cross section, major stocks	320.46	4.4
NYSE Capitalization weighted, all listed common stocks	176.06	4.3
Amex Capitalization weighted total return: stocks, warrants	324.50	2.7
Nasdaq Capitalization weighted, all issues except warrants	378.78	5.2
Amex international market index Capitalization weighted, 50 largest ADRs	298.00	3.7

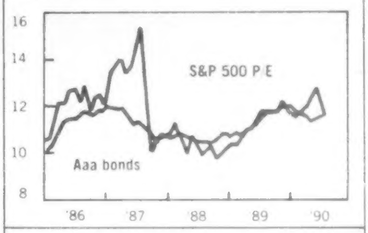
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	806.20	2.9%
Institutional[5] Approximately 200 stocks with high institutional ownership	97.56	3.3
Individual[5] Approximately 200 stocks with low institutional ownership	91.50	3.2
Russell 2000 index 2000 stocks with small market values, capitalization weighted	139.34	4.8
Gold[6] (composite quote of 6 major dealers)	$390.50	-5.2
Yen[6] (per $U.S.)	140.85	-3.7
Commodity index[6] (CRB futures index: 1967 = 100)	238.67	-2.1
Oil[6] (W Texas Intermediate)	$31.45	-1.6
T bills[6] (90 days)	7.38%	-14 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 9/6/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Average daily volume over a 2-week period. [3]Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4]Morgan Stanley Capital International Perspective. [5]For period ending 9/7/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6]Knight-Ridder Financial Information. [7]A basis point is equal to one-hundredth of a percentage point.

What the Analysts Think

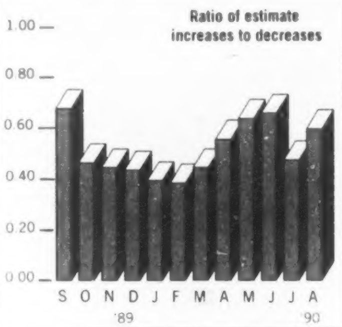
Edited by Steven Ramos

S&P 500 P/E* vs. Aaa bonds†



*S&P 500 P/E is the recent price of the S&P 500 divided by estimated earnings over the next 12 months. †Projected price-to-coupon ratio for Moody's Aaa corporate bond index.

S&P 500 companies



Forecasting the S&P 500

Year	Estimated P/E	% change current estimate vs. 3 months ago	Expected year-to-year EPS growth
1989[1]	13.2	NA	–5%
1990	12.1	–3%	8
1991	10.5	–3	15

1990 estimates for major industry groups

Rising estimates	Falling estimates
misc metals	airlines
defense electronics	machine tools
diversified chemicals	leisure time
hospital management	steel
international oil	diversified machinery

Wall Street isn't supposed to work this way, but it often seems that analysts forecast earnings with an eye on stock prices—down go prices, and down go the estimates. This makes some sense if you believe that the market does an excellent job of discounting future events. But it is a little irritating if you base an investment decision on numbers that turn to sand with every market swing.

Immediately after the 1987 market crash, security analysts began slashing earnings estimates. It's happening again now. In the last few weeks, estimate cuts have been pouring into the Institutional Brokers Estimate System. "The numbers are being cut quite heavily, and I suspect that it is going to continue for a while," says Richard Pucci, IBES database director.

Anticipated 1990 earnings on the S&P 500 index have been cut from $27.36 to $26.40, meaning that the index is priced at 12 times estimated 1990 earnings. If the experts' new projections are right, the earnings of the S&P 500 will increase 8% over 1989, rather than the 12% gain they were talking about not long ago. The analysts are also saying corporate earnings will be up another 15% next year, but that, too, is subject to revision.

Who's Hot

These companies show the greatest increases in estimates over the past three months.[2]

Company/industry	1989 EPS	1990 estimate recent	1990 estimate 3-mo chg	P/E	3-mo price chg	Reason
Magma Copper/nonferrous metals	–$1.86	$1.57	57%	4	18%	Record output from refineries plants
Vons Cos/supermarkets	–0.77	0.93	41	20	–17	Benefits from acquisition of some Safeway Stores
Lyondell Petrochem/spec chemicals	4.67	4.69	36	4	–18	Higher refinery margins
Dell Computer/computer equip	0.28	1.24[3]	29	9	0	Increased acceptance of its 386 and 486 computers
Quantum/computer equip	1.73	2.52[3]	26	7	–14	Increased sales of 3½-inch disk drives

Who's Not

These companies show the greatest decreases in estimates over the past three months.[2]

Company/industry	1989 EPS	1990 estimate recent	1990 estimate 3-mo chg	P/E	3-mo price chg	Reason
CalFed/savings & loan	$3.23	$0.48	–84%	19	–55%	Deteriorating asset quality
Texas Instruments/semiconductors	3.04	0.30	–77	93	–30	Lower semiconductor prices
Cummins Engine/machinery	–1.72	0.73	–62	55	–27	Slow demand for heavy-duty trucks
Bank of Boston/banking	0.83	0.81	–58	11	–38	Soft real estate market
Mentor Graphics/computer-aided engin'g	1.22	0.55	–57	25	–44	Declining orders from areospace & computer customers

[1] Actual. [2] Companies with market capitalization of $100 million or more. [3] 1991 estimate. Earnings projections are Wall Street consensus estimates data from 3,000 security analysts compiled by the Institutional Brokers Estimate System, a service of Lynch, Jones & Ryan Investment Services. Aaa bond yield forecasts supplied by Blue Chip Economic Advisors. NA: Not available.

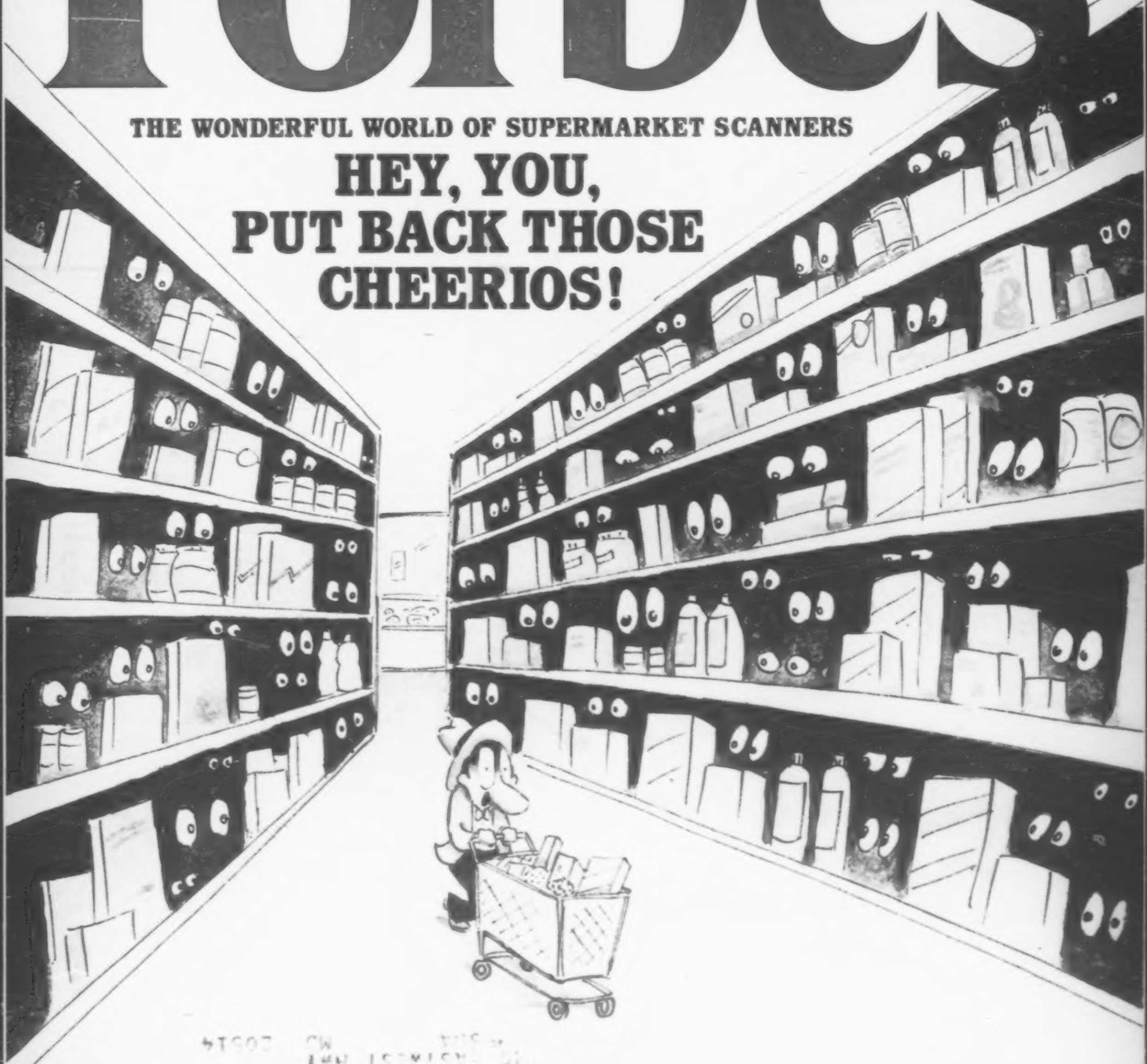
ALEXANDER PARIS: "THE MARKET IS LIKE A CANDY SHOP"

BUCKING DEFENSE CUTBACKS: RAYTHEON AND LORAL

CAREERS: TURNING LAUGHS INTO DOLLARS

OCTOBER 15, 1990
THREE DOLLARS SEVENTY-FIVE CENTS

Forbes



THE WONDERFUL WORLD OF SUPERMARKET SCANNERS

HEY, YOU, PUT BACK THOSE CHEERIOS!

Forbes

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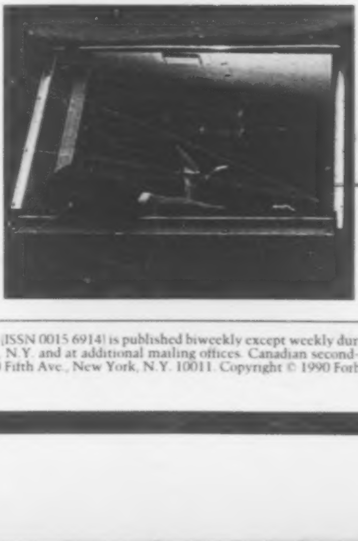

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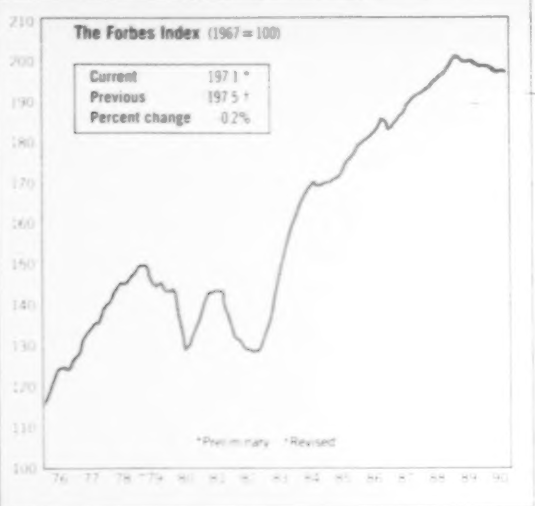
The Forbes Index



New economic data for August reveal a fragile and vulnerable U.S. economy. Industrial production fell 0.2%, retail sales 0.6% and house building 7.2%. Housing starts are now 16% below their level of a year ago. The Consumer Price Index rose 0.9% in August (before seasonal adjustment), and oil prices were not the only culprit. Not counting food and energy prices, the cost of living rose 0.5%, following a 0.6% climb for these components in July. One bright note: Although exports fell 6.4% in July, they could pick up in the coming months if the dollar remains weak.

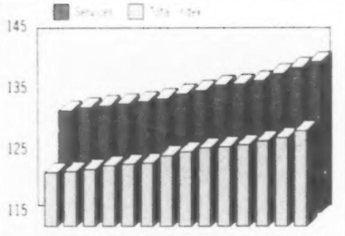
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	-5.2%
Index of leading indicators July vs. June	Dept of Commerce	0.0%
Trade balance 12 months ended July 1990	Dept of Commerce	-$101 bil
Producer price index August vs. 1989[2]	Dept of Labor	5.1%
GNP 2nd quarter vs. 1st—annualized growth	Dept of Commerce	1.2%
NBER Experimental Recession Probability Index[3]	Nat'l Bureau of Economic Research	3.0%

[1] U.S.-based manufacturers, excludes imports, as of 9/10/90 [2] Finished goods [3] July 1990

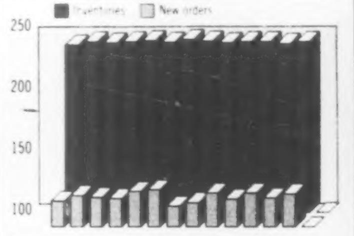
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements: Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

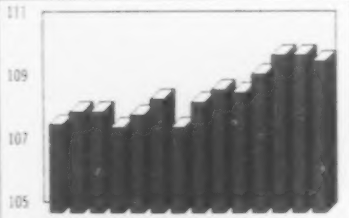
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



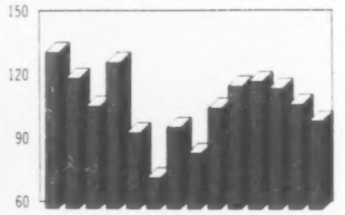
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



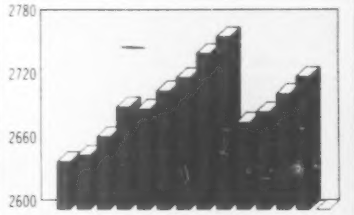
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



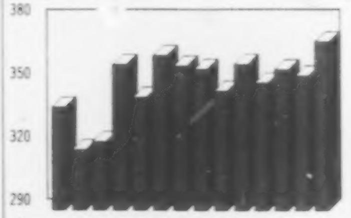
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



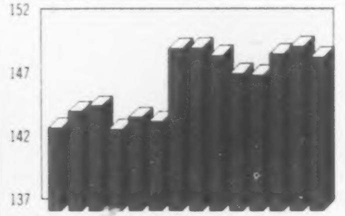
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



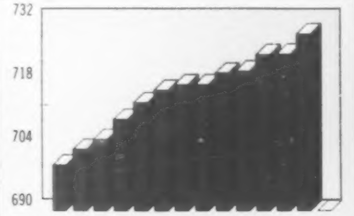
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



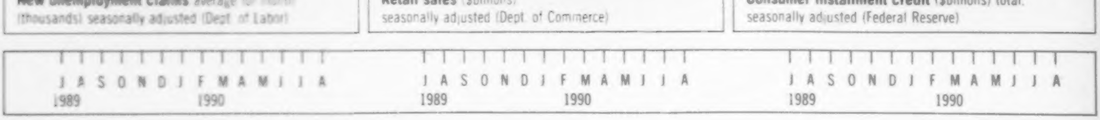
New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)



For all its sins, Drexel Burnham has had one of the lower default rates on junk bonds. Other underwriters took bigger chances, and their customers suffered.

Due diligence

By David Stix

If justice were meted out by bond buyers rather than by judges, Michael Milken and his crew at the late Drexel Burnham Lambert would get off lightly. Investors who bought junk bonds underwritten by Drexel did relatively well compared with those who bought bonds underwritten by some other firms.

Forbes has tabulated junk bond issuance and default rates over the period 1977-90. We had the help of a database maintained by a former Drexel analyst who now works at Salomon Brothers, another maintained by the Bond Investors Association in Miami and a third by Securities Data Co.

Here's what we found: PaineWebber heads the list of underwriters whose deals went bad, with 43% of its $2.6 billion in high-yield offerings in default. Drexel is far down the list, with only 9.1% of $113 billion in offerings in default.

The best underwriter may have been Morgan Stanley. It took $14 billion of paper to market and has seen only $25 million go into default. "We are equity owners in the majority of deals that we bring to market," says Peter Karches, Morgan's head of high-yield sales and trading. "It's extremely important to us to have good credit quality and get involved in managing and helping to run companies where we're comfortable with the business and have control over what goes on. It's not just a matter of hanging paper in the market and then running away." Kidder, Peabody's 0% default rate was a tad lower than Morgan's, but Kidder did a lot less underwriting.

Our rankings cover just over $200 billion (face amount) of new-issue high-yield paper, high yield being defined as a rating below BBB at issuance. Of the total, $23 billion is in default or close to it.

The numbers could get quite a bit uglier for bond owners. Richard Leh-

Good dealers and bad dealers

Some underwriters dished out their high-yield bonds a little too liberally. But Drexel, the busiest underwriter, has one of the lower default rates.

Lead underwriter	Total junk issues[1] ($mil)	Default rate	Lead underwriter	Total junk issues[1] ($mil)	Default rate
Drexel Burnham	$113,010	9.1%	PaineWebber	$2,600	43.4%
Merrill Lynch	15,290	15.8	L.F. Rothschild	800	38.1
Morgan Stanley	14,260	0.2	Pru-Bache	3,870	19.3
First Boston	13,600	15.8	Bear Stearns	5,100	18.4
Shearson Lehman	11,810	8.5	Goldman Sachs	7,230	18.3
Salomon Brothers	10,420	17.7[2]	Salomon Brothers	10,420	17.7[2]
Goldman Sachs	7,230	18.3	First Boston	13,600	15.8
Bear Stearns	5,100	18.4	Merrill Lynch	15,290	15.8
Pru-Bache	3,870	19.3	Smith Barney	1,770	9.4
Donaldson Lufkin	3,035	5.3	Drexel Burnham	113,010	9.1
Kidder Peabody	2,632	0.0	Shearson Lehman	11,810	8.5
PaineWebber	2,600	43.4	Dean Witter	670	7.0
Smith Barney	1,770	9.4	Donaldson Lufkin	3,035	5.3
LF Rothschild	800	38.1	Morgan Stanley	14,260	0.2
Dean Witter	670	7.0	Kidder Peabody	2,632	0.0

[1] Face amount: January 1977 through August 1990. [2] Excluding Texaco default, rate would be 12%.

Sources: Drexel Burnham Lambert; IDD Information Services; Morgan Stanley; Salomon Brothers; Securities Data; Bond Investors Association.

How we scored them

How did Forbes track the junk issues? We followed bonds that either were publicly offered (that is, registered with the Securities & Exchange Commission) or were originally placed privately and became publicly tradable at a later date. We excluded convertible bonds.

A default is ascribed to the lead underwriter of a bond issue, although many other brokers may have peddled the bonds. A bond is treated as being in default if the borrower missed interest or principal payments or entered bankruptcy proceedings, or if the bond was exchanged for another security while on the verge of default. We counted defaults through the end of August. Thus, Donald Trump's casino bonds are not treated as in default by this rule, although they are likely either to default or to be the subject of an exchange offer that would delay cash payments.

The 15 largest underwriters of junk debt are included in the tables above. All were given an opportunity to critique the list and, where they could make a case, delete bonds under their own names or add to the list of defaults blamed on their competitors.

mann, president of the Bond Investors Association, calculates that over the next three years there could be $100 billion of additional defaults, counting publicly and privately placed junk debt. Says Lehmann: "I'm going to have to get a bigger computer to keep track of all these."

Both Drexel and (if you exclude Texaco's default) Salomon look pretty good in the rankings. In the table on page 118 we show underwriters' default rates, figured using junk bond issues of all sizes. The table below shows defaults of issues of $100 million in face amount or more.

The moral for investors: Know the company you're buying from. For all its faults, Drexel knew the market—Michael Milken virtually invented it. Some of the worst dogs were bred by firms trying desperately to get into the market; sometimes they took deals Drexel wouldn't touch. ■

Bad deals

Here, arranged by lead underwriter, are the largest issues of junk bonds since 1977 that have defaulted. Some underwriters with high default rates are absent here: Their problem bonds were all small issues.

Company/coupon/maturity	**Face amount outstanding ($mil)**	**Year issued**	**Year default**
Bear Stearns			
Resorts Intl Financing/16⅝s '04	$200	1984	1989
Resorts International/11⅜s '13	230	1983	1989
Drexel Burnham Lambert			
Ames Department Stores/13s '99	200	1989	1990
Bond Brewing Holdings/12⅝s '06	510	1986	1989
Centrust Bank/15⅞s '00	125	1988	1990
Circle K/12¾s '97	125	1985	1990
Crystal Oil/15s '95	125	1985	1986
Eastern Air Lines/12¾s '96	193	1986	1989
Eastern Air Lines/11¾s '93	190	1986	1989
Elsinore Finance/15½s '99	115	1984	1985
Gillett Holdings/12⅝s '98	251	1986	1990
Gillett Holdings/13⅞s '99	170	1987	1990
Griffin Resorts/13⅞s '98	200	1988	1989
Griffin Resorts/13½s '95	125	1988	1989
Hillsborough Hldgs/Walter Ind/17s '96	350	1988	1989
Hillsborough Hldgs/Walter Ind/14⅝s '94	176	1988	1989
Integrated Resources/10¾s '96	299	1986	1989
Integrated Resources/13⅛s '95	124	1985	1989
Integrated Resources/10s '90	104	1987	1989
Koor Industries/12s '96	105	1986	1990
Las Colinas/12½s '92	200	1985	1987
Leaseway Transport/13¼s '02	193	1987	1990
Linter Textiles/13¾s '00	200	1988	1990
Michigan General/10¾s '98	110	1983	1987
Miramar Marine/14s '98	125	1988	1990
Oak Industries/13⅝s '01	100	1981	1985
SCI Television/15½s '90	249	1987	1989
SCI Television/17½s '99	128	1987	1989
SCI Television/16½s '97	100	1987	1989
Service Control/14s '98	100	1988	1990
Southmark/13¼s '94	334	1986	1989
Southmark/11⅞s '93	139	1986	1989
Southmark/11½s '91	132	1986	1989
Southmark/10⅞s '89	125	1986	1989
Swan Brewery/14⅞s '98	121	1983	1989
Univision Holdings/13⅜s '99	105	1988	1990
Western Union/19¼s '92	500	1987	1990
First Boston			
Allied Stores/11½s '97	700	1987	1990
Allied Stores/10½s '92	200	1987	1990

Company/coupon/maturity	**Face amount outstanding ($mil)**	**Year issued**	**Year default**
Federated Depart Stores/16s '00	$500	1988	1990
Federated Depart Stores/0/17¾s '04	306	1988	1990
LTV-Republic Steel/12⅛s '03	193	1983	1986
McLean Industries/14¼s '94	125	1984	1986
McLean Industries/12s '03	119	1983	1986
Goldman Sachs			
Southland/16¾s '02	500	1987	1990
Southland/0/16½s '97	402	1987	1990
Southland/15¾s '97	350	1987	1990
Merrill Lynch			
Coleco Industries/11⅛s '01	184	1986	1988
Eastern Air Lines/17¼s '93	200	1988	1989
Fruehauf/13¾s '01	310	1986	1989
Fruehauf/13½s '96	200	1986	1989
General Develop/12⅝s '05	175	1985	1990
Global Marine/16⅛s '02	136	1982	1985
Hillsborough Hldgs/Walter Ind/13¾s '03	100	1983	1989
PS New Hampshire/13¾s '96	225	1986	1988
PS New Hampshire/17½s '04	130	1984	1987
Service America/0/17s '99	127	1987	1990
PaineWebber			
General Develop/12⅞s '95	125	1988	1990
Greyhound Lines/13s '95	150	1988	1990
PS New Hampshire/14⅜s '91	100	1983	1988
PS New Hampshire/15s '03	100	1983	1987
Prudential-Bache			
Republic Health/13½s '04	100	1984	1987
Western S&L/15⅝s '95	115	1985	1989
Salomon			
ANAC Holding (Revco)/13⅛s '93/4	400	1986	1988
ANAC Holding (Revco)/13¼s '95/6	210	1986	1988
Lomas Financial/10¾s '93	200	1988	1989
Maxicare Health Plans/11¾s '96	125	1986	1989
Texaco Capital/9s '88	300	1986	1987
Texaco Capital/11s '89	300	1986	1987
Shearson Lehman Hutton			
General Homes/12¾s '98	100	1986	1988
LTV/14s '04	133	1984	1986
LTV/9½s '95	100	1984	1986
United Merchants & Manuf/13¾s '00	130	1985	1990

The Forbes Wall Street Review

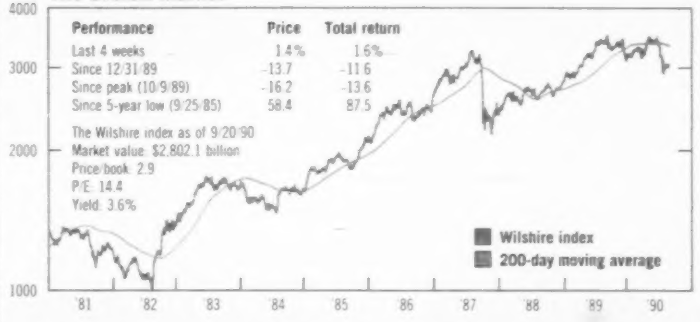
By Eric S. Hardy

Richard L. Evans, chief market analyst of *Dow Theory Forecasts*, warns, "In some ways, the market looks like it did in the bear market of 1981, when stock prices declined for about a year until the dramatic recovery in August 1982." Nevertheless, Evans doesn't expect much further deterioration in stock prices. He thinks a major decline in corporate profits would make the market vulnerable to another long-term correction, but he considers this unlikely. His favorite group is the beleaguered retailing industry, especially larger outfits like Woolworth, Sears and Kmart.

Contrarians might be encouraged by all the pessimism on Wall Street, including the record-high short interest on the New York Stock Exchange (up 6% over the past month). And there is no shortage of cash on the sidelines. *IBC/Donoghue's Money Fund Report* says assets of nonbank money market funds have reached a new high of $400 billion.

Stock prices continued to slide during the latest two-week period. Over-the-counter stocks were especially hard hit as the Nasdaq index fell 3.8%. The Wilshire index shows a decline of 2.9% during the period and has dropped more than 13.7% since the start of 1990. Even with dividends added back, the average stock in the Wilshire index has dropped 11.6% since the start of the year. And its dividend yield is now 3.6%.

The overall market[1]



Performance	Price	Total return
Last 4 weeks	1.4%	1.6%
Since 12/31/89	-13.7	-11.6
Since peak (10/9/89)	-16.2	-13.6
Since 5-year low (9/25/85)	58.4	87.5

The Wilshire index as of 9/20/90
Market value: $2,802.1 billion
Price/book: 2.9
P/E: 14.4
Yield: 3.6%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Viacom	18½	19%	NM	175	1.2
United Artists Entertainment	12⅜	13	NM	612	0.8
Centocor	40½	12	NM	1,470	0.8
UAL	102¼	11	10	2,289	1.1
Consolidated Natural Gas	51¾	11	27	1,190	1.6

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
MBIA	25½	-31%	8	2,165	2.8
Oracle Systems	7	-29	8	20,514	1.5
Control Data	10¼	-26	NM	1,279	1.0
Contel Cellular	10¼	-25	NM	256	0.4
Fruit of the Loom	8¼	-25	6	3,146	0.9

Closeup on the Market

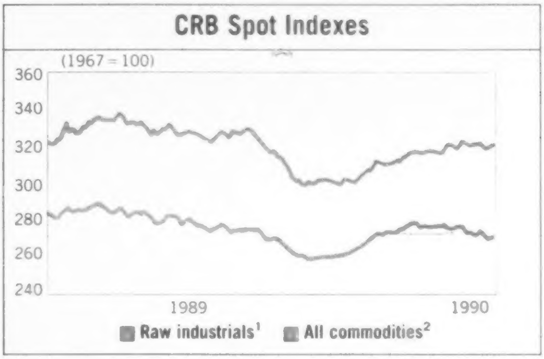
Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	2,951.37	-2.9%
Wilshire index 6,000 stocks, equal weighted	18.66	-2.7
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,518.32	-3.0
S&P 500 Capitalization weighted cross section, major stocks	311.48	-2.8
NYSE Capitalization weighted, all listed common stocks	171.22	-2.7
Amex Capitalization weighted total return: stocks, warrants	317.18	-2.3
Nasdaq Capitalization weighted, all issues except warrants	364.43	-3.8
Amex international market index Capitalization weighted, 50 largest ADRs	287.10	-3.7

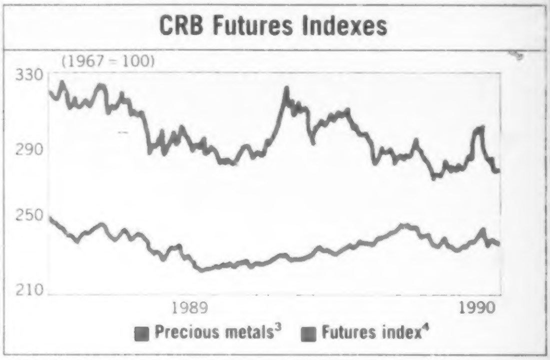
Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	774.90	-3.9%
Institutional[5] Approximately 200 stocks with high institutional ownership	91.74	-6.0
Individual[5] Approximately 200 stocks with low institutional ownership	87.56	-4.3
Russell 2000 index 2000 stocks with small market values, capitalization weighted	134.71	-3.3
Gold[6] (composite quote of 6 major dealers)	$389.70	-0.2
Yen[6] (per $U.S.)	137.70	-2.2
Commodity index[6] (CRB futures index, 1967=100)	237.00	-0.7
Oil[6] (W Texas intermediate)	$34.70	10.3
T bills[6] (90 days)	7.37%	-1 basis point[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 9/20/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1]Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2]Average daily volume over a 2-week period. [3]Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4]Morgan Stanley Capital International Perspective. [5]For period ending 9/21/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6]Knight-Ridder Financial Information. [7]A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

Commodities Review

By Eric S. Hardy

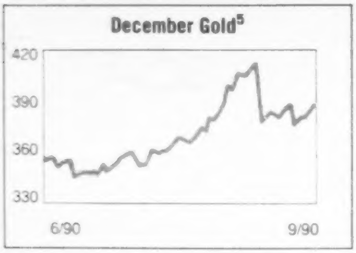




Events in the Persian Gulf haven't wreaked havoc with the commodities markets, despite rising prices and increased volatility in petroleum-related commodities. The Commodities Research Bureau's futures index *(see above right)* is up 1.5% since Aug. 1. And both the bureau's spot index (which reflects current prices) and the price of gold are near their pre-invasion levels. This is no surprise to William E. Byers, director of commodities futures research for Bear, Stearns, who notes, "Commodity prices now respond more to supply and demand rather than inflationary trends and expectations." Byers thinks the current period is unlike the 1970s, when inflationary expectations and anticipatory buying played a large role in driving up prices.

Yet there is little argument that the economy is expanding more slowly than it was during most of the 1980s. Sam Nakagama, of Nakagama & Wallace, Inc. in New York, believes the economy has been in a "mini" recession for some time. He defines this as very low—but still positive—economic growth. Unlike many of his colleagues, who think that a recession is either prevailing or right around the corner, Nakagama does not expect a "classic" recession (two consecutive quarters of declining GNP) until next year or even later. Nakagama has one caveat: If inflation continues to heat up, the economy will have to grow faster just to stay even. That is, oil-price increases will have to be offset to a degree by expanded production just to keep the economy from shrinking in inflation-adjusted terms.

Commodity Spotlight



Precious metals, especially gold, are supposed to be an inflation hedge, but these hedges can be very costly indeed. Gold was one of the worst investments during the 1980s, and it quickly gave up the gains it posted immediately after the invasion of Kuwait. Its volatility is reflected in the December gold contract *(above)*, since futures markets tend to amplify current trends. A barbaric metal, indeed.

Cash and Futures Prices

Spot Indexes

Index[6]	Value	3-mo change
All commodities	271.40	−2%
Raw industrials	320.24	1
Metals	328.87	5
Textiles	264.10	1
Foodstuffs	213.54	−6

Futures Indexes

Index[6]	Value	3-mo change
CRB index	237.63	1%
Precious metals	278.62	0
Industrials	268.19	8
Grains	176.16	−14
Livestock & meat	221.05	−6

Spot Commodity Prices

Commodity	Price	3-mo change
Steel scrap (short ton)	113.00	−1%
Copper scrap (pound)	1.03	19
Print cloth (sq yard)	0.79	7
Corn (bushel)	2.18	−21
Soybean oil (pound)	0.24	−3

Futures Prices

Commodity	Price	3-mo change
Jan platinum (troy oz)	465.40	−5%
Dec crude oil (barrel)	31.13	63
Dec copper (pound)	1.28	18
Dec cotton (pound)	0.72	−3
Dec Chi wheat (bushel)	2.76	−21

Notes: All prices as of 9/17/90, graphs as of 9/14/90. [1]Comprised of 13 commodities. [2]Comprised of the 13 raw industrial commodities plus 10 foodstuffs. [3]Gold, platinum and silver. [4]Comprised of 21 commodities. [5]Prices from 6/1/90 through 9/14/90. [6]Base for spot and futures indexes (1967 = 100). Source: Knight-Ridder Commodity Research Bureau.

THE RICHEST PEOPLE IN AMERICA

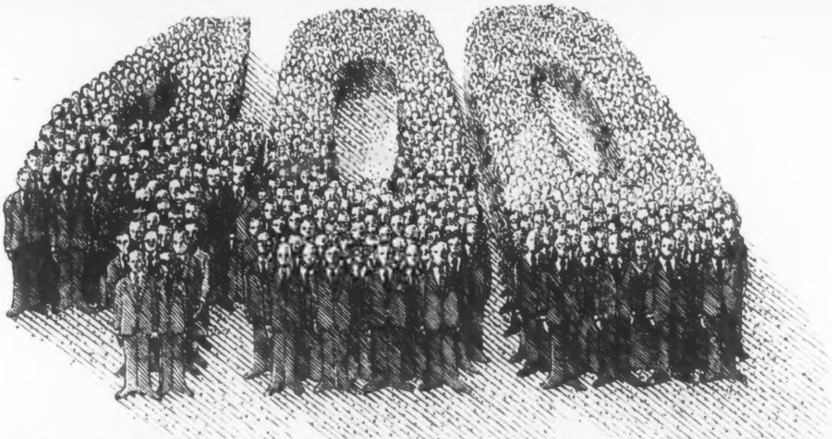
400

THE RICHEST MAN IN AMERICA SPEAKS UP

GOOD-BYE, DONALD

PLAYTIME AMONG THE TYCOONS

Forbes



THE RICHEST PEOPLE IN AMERICA

OCTOBER 22, 1990
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NUMBER 9

THE FORBES FOUR HUNDRED

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With the end of the great 1980s credit binge, capital values almost everywhere are being marked down. Just as homeowners feel less wealthy than they did a year ago, so do most of the nation's rich. Good-bye, Donald.

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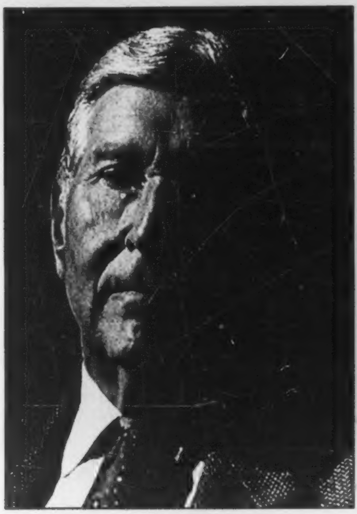

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Shearn Moody is the heir to one of Texas' great fortunes. His brother still ranks high on The Forbes Four Hundred. Shearn is in jail.

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Both JMB Realty and VMS Realty rode the 1980s real estate boom to vast riches. One is still doing well; the other is practically broke.

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To most people, Jim Rouse means shopping malls and festival marketplaces. To the poor, he means innovative housing.

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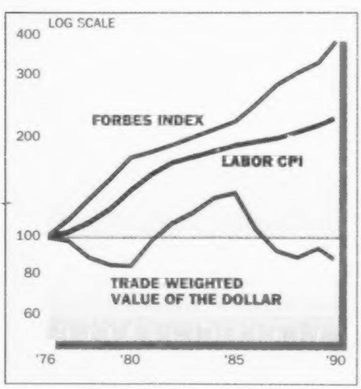
The very rich have their share of problems, too: The cost of living lavishly increased in double digits last year.

The Clewi blues

By Manjeet Kripalani

THE FORBES FOUR HUNDRED Cost of Living Extremely Well Index (Clewi) went up nearly three times as fast as the Consumer Price Index (CPI), jumping 11% between July 1989 and July 1990 versus less than 5% for the CPI.

Blame the weak dollar. Rich people and the things they buy are cosmopolitan by nature. Of the 43 goods and services that make up our index, 18 of them—from Gucci loafers to Purdy shotguns—are imported. As a result, the cost of living really well is highly sensitive to even minor jiggles in the international value of the dollar.



During the last few months the dollar has set post-World War II lows against the powerful German mark, the strength of which tends to lift other European currencies against the dollar. True, the dollar has been firm against the yen. But the Japanese don't make very many things rich people buy.

Look at some of the prices below. The price in dollars of a Swan 65 sailboat from Nautor of Finland has climbed 30%, to $1.7 million. (A North Carolina-built 60-foot Hatteras yacht's price is up a relatively modest 8%, to just over $1 million.)

A Patek Philippe man's watch is now $8,500, up 19%. Maintaining a bespoke wardrobe of men's shirts from London's Turnbull & Asser now costs over $160 a shirt, up 42%.

We priced dinner for one (including wine and tip) at Paris' La Tour d'Argent at Ff880 ($164) the past three years; with the French currency advancing against the dollar, that bundle of francs now costs 23% more dollars than it did last year.

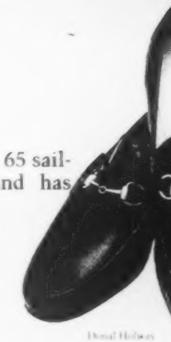
All told, the 18 foreign-produced goods and services the Clewi measures rose 21% on average; the domestically produced products increased just 5%—right in line with overall U.S. inflation. The rich who stuck to domestic consumption clearly fared better than those with foreign tastes.

For example, prices of a 2-bedroom suite at Manhattan's Sherry-Netherland, a domestic face-lift, and a homegrown psychiatrist didn't even budge. And in the construction industry, where things are really slow, the cost of a tennis court has stabilized, while the cost of a swimming pool has actually declined by 5%.

Looked at this way, one can consider the cheap dollar as a kind of progressive tax that hits the wealthy much harder than it hits most other folk. If the tax pinches too hard they can always hole up in the Sherry-Netherland, sip California sparkling and consult a Park Avenue shrink instead of one in Vienna. ■

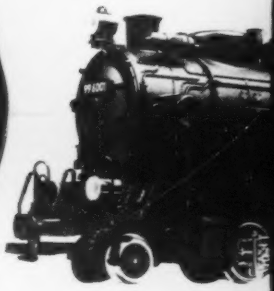
APPAREL

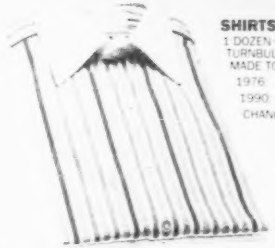
COAT
NATURAL RUSSIAN SABLE BY MAXIMILIAN FUR CO., N.Y.
1976: **$40,000**
1990: **200,000**
CHANGE 1989-90: +21%



Donal Holway

LOAFERS
GUCCI
1976: **$89**
1990: **$260**
CHANGE 1989-90: +33%





Donal Holway

SHIRTS
1 DOZEN COTTON TURNBULL & ASSER, MADE TO ORDER
1976: **$448**
1990: **$1,938**
CHANGE 1989-90: +42%

DRESS
ADOLFO COUTURE
1976: **$950**
1990: **$1,500**
CHANGE 1989-90: NONE

SHOES
$202
$1.911
$5.900
$20.655
$2.200
$5.040
$480
$2.070
ENTERTAINMENT
TOYS AND HOBBIES
TRAIN SET
$178
$550
PREPARATORY SCHOOL
GROTON, 1-YEAR TUITION, ROOM, BOARD
1976: $4,200
1990: $17,000
CHANGE 1989-90: +12%
At Canon, we've built a reputation solving your small copying problems.

FOOD AT HOME

CHAMPAGNE
DOM PERIGNON, CASE,
SHERRY-LEHMANN, N.Y.
1976: **$300**
1990: **$887**
CHANGE 1989-90: +9%

FILET MIGNON
7 POUNDS, LOBEL'S, N.Y.
1976: **$50** 1990: **$125**
CHANGE 1989-90: +19%

Erwitt/Magnum

CAVIAR
BELUGA MALOSSOL,
1 KILO TIN, AVERAGE RETAIL
1976: **$283**
1990: **$1,478**
CHANGE 1989-90: +3%

Harrington/Stock Market

FOOD AWAY FROM HOME

DINNER
LA TOUR D'ARGENT,
PARIS, PER PERSON,
(INCLUDES WINE AND TIP)
1976: **$34** 1990: **$184**
CHANGE 1989-90: +23%

HOME FURNISHINGS

SHEETS
SET OF EMBROIDERED SILK,
BY PRATESI, QUEEN SIZE
1976: **$1,218** 1990: **$5,090**
CHANGE 1989-90: +68%

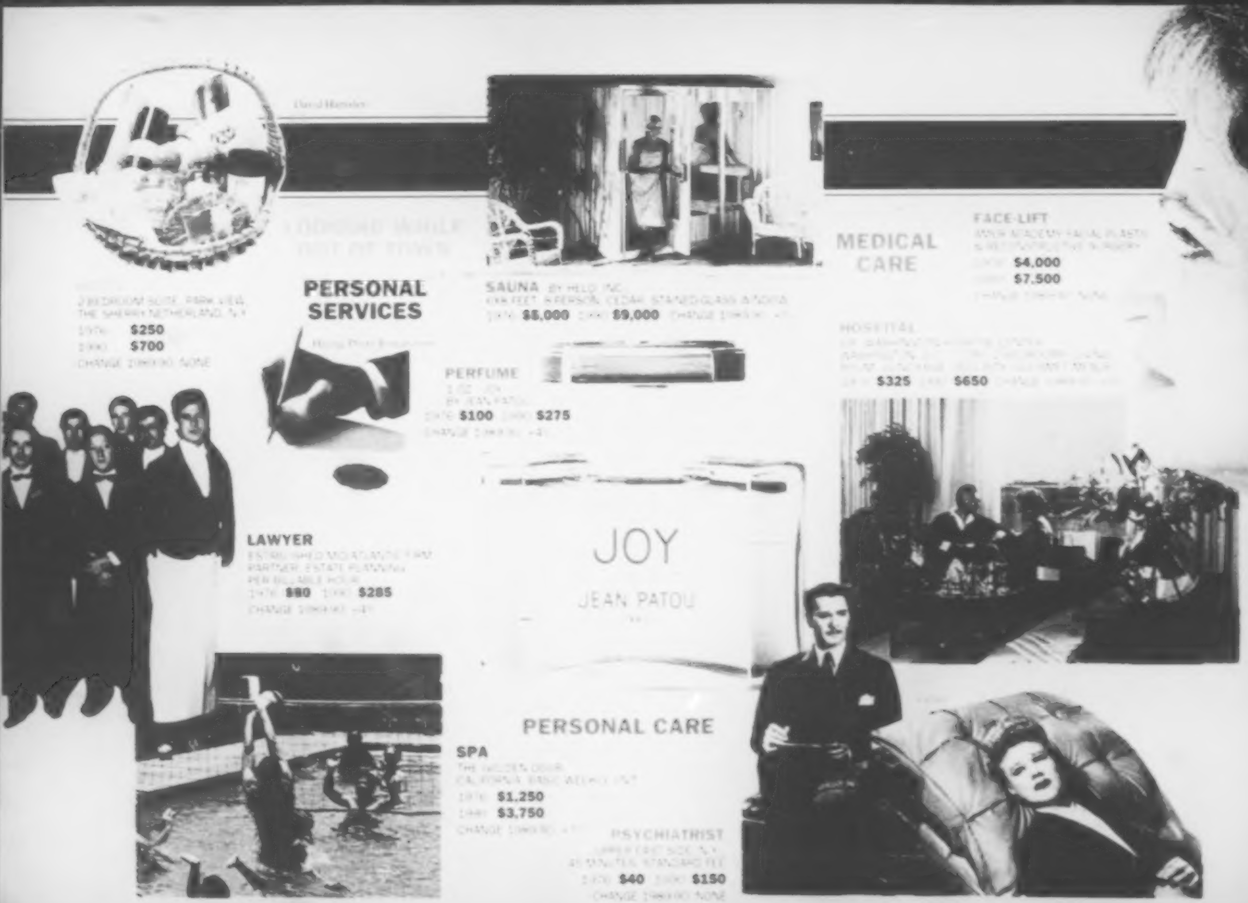
SILVERWARE
KIRK STIEFF CO., COLONIAL
WILLIAMSBURG SHELL PATTERN,
4-PIECE PLACE SETTING, FOR 12
1976: **$1,341** 1990: **$3,000**
CHANGE 1989-90: 5

FLOWERS IN SEASON
ARRANGEMENTS FOR 6 ROOMS,
CHANGED WEEKLY BY CHRISTATOS
& KOSTER, INC., N.Y., PER MONTH
1976: **$1,400**
1990: **$4,628**
CHANGE 1989-90: +15%

[illegible]

PIANO
STEINWAY & SONS,
CONCERT GRAND,
MODEL D, EBONIZED
1976: **$13,800**
1990: **$53,400**
CHANGE 1989-90: +7%

Lockyer/Image Bank



PERSONAL SERVICES

2 BEDROOM SUITE, PARK VIEW, THE SHERRY NETHERLAND, N.Y.
1976 **$250**
1990 **$700**
CHANGE 1989-90: NONE

LAWYER
ESTABLISHED MID-ATLANTIC FIRM PARTNER, ESTATE PLANNING PER BILLABLE HOUR
1976 **$80** 1990 **$285**
CHANGE 1989-90: [illegible]

SAUNA BY HELO INC.
[illegible]
1976 **$8,000** 1990 **$9,000** CHANGE 1989-90: [illegible]

PERFUME
1 OZ. JOY BY JEAN PATOU
1976 **$100** 1990 **$275**
CHANGE 1989-90: [illegible]

JOY
JEAN PATOU

MEDICAL CARE

FACE-LIFT
[illegible]
1976 **$4,000**
1990 **$7,500**
CHANGE 1989-90: NONE

HOSPITAL
[illegible]
1976 **$325** 1990 **$650** CHANGE 1989-90: [illegible]

PERSONAL CARE

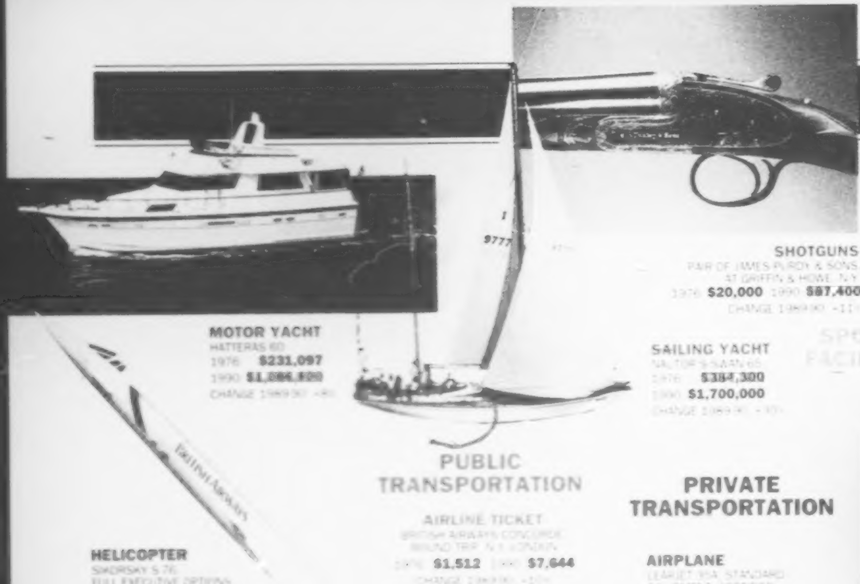
SPA
THE GOLDEN DOOR, CALIFORNIA, BASIC WEEKLY [illegible]
1976 **$1,250**
1990 **$3,750**
CHANGE 1989-90: [illegible]

PSYCHIATRIST
UPPER EAST SIDE, N.Y.
45 MINUTES, STANDARD FEE
1976 **$40** 1990 **$150**
CHANGE 1989-90: NONE

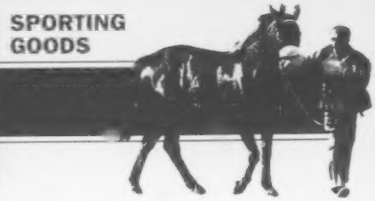
Now we want your big ones.

America's most popular copier is taking a new direction. The NP9800. A high-volume copying system... with walk-up convenience

copying [illegible]
All, in an innovati



SPORTING GOODS



THOROUGHBRED
YEARLING, AVERAGE PRICE
AT KEENELAND SELECT SALES
1976 **$67,300**
1990 **$352,008**
CHANGE 1989-90: -11%

Mensch/Stock Market

SHOTGUNS
PAIR OF JAMES PURDY & SONS
AT GRIFFIN & HOWE, N.Y.
1976 **$20,000** 1990 **$87,400**
CHANGE 1989-90: +11%

MOTOR YACHT
HATTERAS 60
1976 **$231,097**
1990 **$1,086,800**
CHANGE 1989-90: +8%

SAILING YACHT
NAUTOR'S SWAN 65
1976 **$384,300**
1990 **$1,700,000**
CHANGE 1989-90: +30%

SPORTS FACILITIES

TENNIS COURT
CLAY, STANDARD SITE
1976 **$25,000** 1990 **$47,000**
CHANGE 1989-90: NONE

SWIMMING POOL
OLYMPIC, STANDARD SITE
1976 **$180,000** 1990 **$526,000**
CHANGE 1989-90: +5%

PUBLIC TRANSPORTATION

AIRLINE TICKET
BRITISH AIRWAYS CONCORDE
ROUND TRIP, N.Y.-LONDON
1976 **$1,512** 1990 **$7,644**
CHANGE 1989-90: +10%

PRIVATE TRANSPORTATION

HELICOPTER
SIKORSKY S-76
FULL EXECUTIVE OPTIONS
1976 **$1,300,000**
1990 **$6,000,000**
CHANGE 1989-90: +4%

AIRPLANE
LEARJET 35A, STANDARD
EQUIPMENT, CERTIFIED
10 PASSENGERS
1976 **$1,800,000**
1990 **$4,395,000**
CHANGE 1989-90: +9%

AUTOMOBILE
ROLLS-ROYCE SILVER SPIRIT II (FORMERLY SILVER SHADOW)
1976 **$38,000**
1990 **$140,200**
CHANGE 1989-90: +8%

OTHER GOODS AND SERVICES

MAGAZINE
FORBES, 1-YEAR
SUBSCRIPTION
1976 **$15**
1990 **$52**
CHANGE 1989-90: +8%

UTILITIES

TELEPHONE CALL
10 MINUTES, AT&T, N.Y.-LONDON
1976 **$12** 1990 **$9.90**
CHANGE 1989-90: -6%

SOTHEBY'S ART MARKET TRENDS INDEX
BASIS: 1975 =100 ($)
1976 **111** 1990 **1,067**
CHANGE 1989-90: +21%

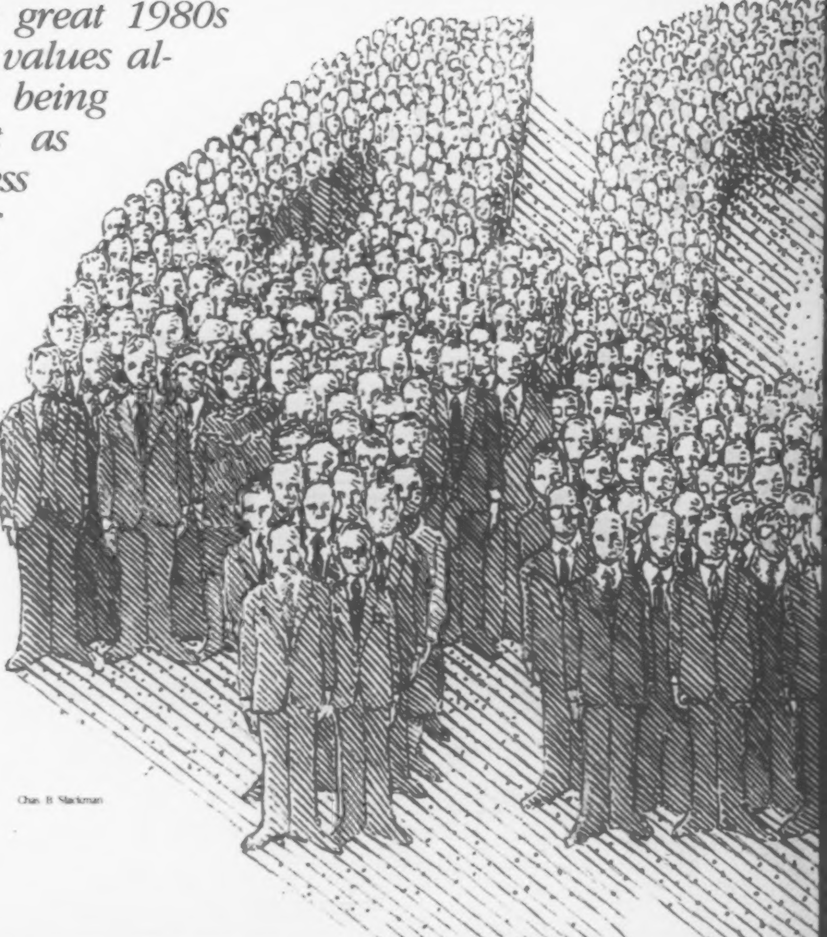
SUITCASE LOEWE,
BLACK NAPA LEATHER, 27-INCH LONG
1976 **$730** 1990 **$1,348**
CHANGE 1989-90: +12%

PURSE
HERMES, "KELLY BAG,"
CALF, 10 INCHES
1976 **$880**
1990 **$3,180**
CHANGE 1989-90: [illegible]

CIGARS
CUBAN, BOX OF
DAVIDOFF NO. 2,
TORONTO
1976 **$186**
1990 **$666**
CHANGE 1989-90: +14%

WATCH
PATEK PHILIPPE CLASSIC
MAN'S GOLD, LEATHER STRAP
1976 **$2,450** 1990 **$8,500**
CHANGE 1989-90: +13%

With the end of the great 1980s credit binge, capital values almost everywhere are being marked down. Just as homeowners feel less wealthy than a year ago, so do most of the nation's rich.



Chas. B Slackman

THE RICHEST PE

By Harold Seneker with Dolores Lataniotis
Reporters Vicki Contavespi, John DeMatteo,
Toddi Gutner, Paul Klebnikov
and Alex Agosti and Matt Littlejohn

IN 1990 THE RICH have been getting poorer.

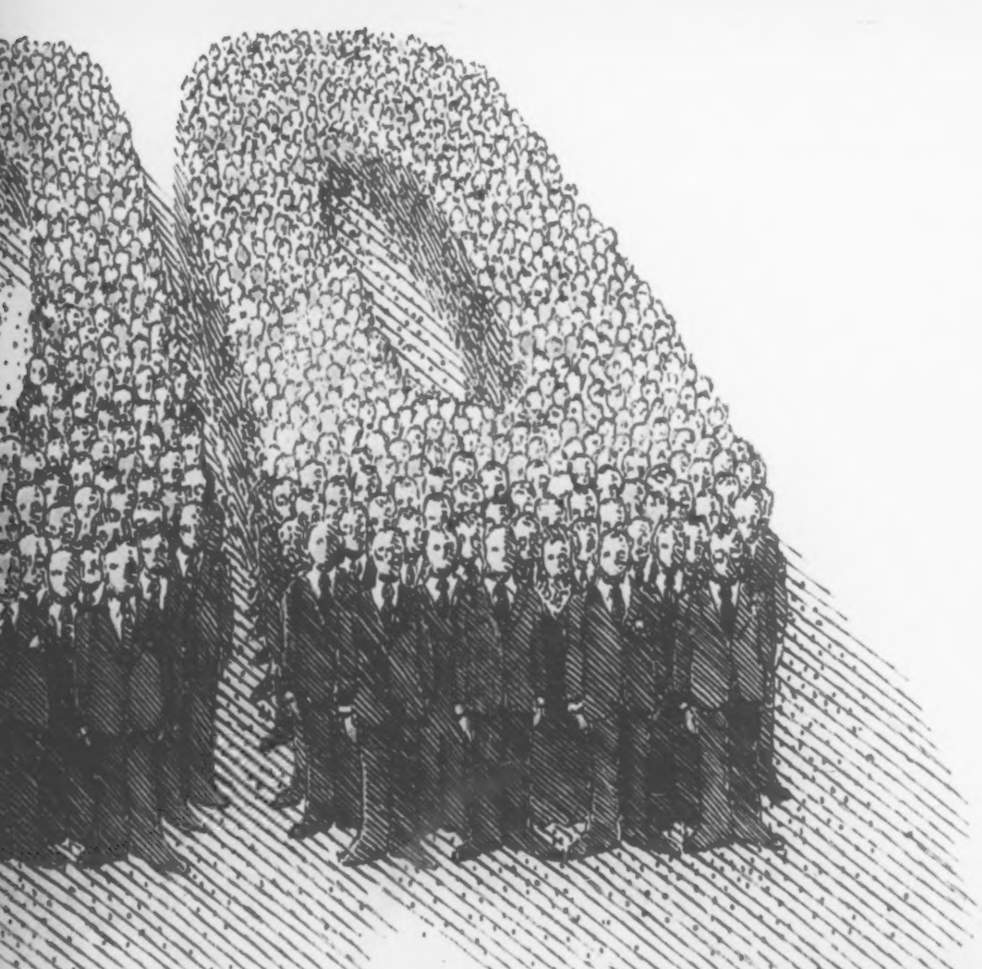
It's not just the year Donald Trump's and some other overleveraged fortunes hit the wall. This year the entire Forbes Four Hundred list seemed to stop going up and, on balance, start going down.

Trump is the most newsworthy loser, dropping right off FORBES' list of the richest Americans. As his bankers are learning to their dismay, his net worth may actually have dropped to zero.

For The Forbes Four Hundred as a whole, it takes a closer look. There are subtle and not so subtle changes that seem much more significant than the collapse of one more overreacher:

- For the first time ever, the minimum fortune required to get onto our list went down: Last year it took $275 million; this year $260 million might do. Eleven people—nearly 3% of the total—included here would have been rejects last year.

We wound up with one less billionaire—66 vs. 67. (But 4 people on our list, in hindsight, were already billionaires last year: Our research hadn't quite caught up with them.



OPLE IN AMERICA

So there are actually 5 fewer billionaires this year.)

- We found ourselves marking more of last year's estimated net worths down than up—172 down (including drop-offs), 157 up (the remainder were roughly unchanged).
- More significantly, the drops in The Forbes Four Hundred this year spread throughout the list. This reflected a general scaling down of capital values, brought about in good part by a worldwide shrinkage of credit and sinking stock markets. Years past, isolated pockets might be weak, but most of the list, on balance, would rise. For example, the number of oil fortunes went down in the mid-1980s, and the fortunes in publicly traded stocks were hurt by the 1987 crash. The beginnings of the real estate bust showed up last year, when the number of real estate fortunes dropped from 87 to 77. But despite these pockets of weakness, the overall list was generally rising. This year all kinds of things went down: real estate, media, banks, public stocks, private companies, you name it. (Among major categories, agriculture and oil were strong—thank you, Saddam Hussein.)

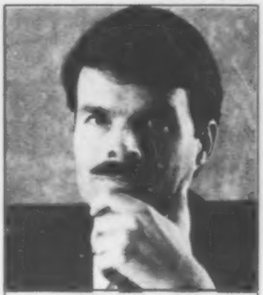
Last year's deflation of large fortunes took place against an upward bias built into the list by our continuing research into the fortunes of the very rich. Each year we turn up new fortunes and get a better line on some of the old ones. Each find boosts the list up a bit. This year, for instance, we found out that the previously unstudied

Charles F. Dolan
Down $485 million.

Roger Sandler/Black Star

Michael Milken
Down $570 million.

Michael McVay/SABA


Craig McCaw
Down $245 million.

Laurence J. Ellison
Down $370 million.

Japanese subsidiary of Amway is a hugely profitable money machine. So profitable that even with Japanese multiples depressed by the Tokyo stock market crash, the two low-profile owners of Amway, Richard DeVos and Jay Van Andel, had to be upped about $1 billion apiece.

Then there was that Zurich foundation authoritatively reported years ago as the repository of much of the fortune of shipowner Daniel K. Ludwig. Turns out it's not a foundation; add $850 million for Ludwig. George Soros, the proprietor of Quantum Fund? Financial documents filed in London revealed $600 million worth of previously unidentified shares in his own fund. At home, we learned from an inside source that the dozen Cargills and MacMillans on our list don't own 75% of the gigantic commodities dealer Cargill, Inc.; they own all of it. Another $1.6 billion. And the 27 entirely new additions to the list this year, each knocking off someone else worth a mere $260 million or less, collectively added another $3.1 billion or more to The Forbes Four Hundred tally.

These finds account entirely for the otherwise odd fact that this year both the total estimated net worth of the Four Hundred ($272.5 billion) and the average Four Hundred fortune ($681.9 million) seemed to be slightly up while everything was plainly edging down. Without all these research finds, the total would have been down $3.5 billion. The average net worth would have been down $8.6 million instead of up $10 million.

Okay, so what does all this mean?

Just this. That there is a larger trend here. There are plenty of easy explanations. There's the sagging stock market. Real estate has been overbuilt for years, and gun-shy banks afraid to lend are creating a credit squeeze. Advertising declines this year have hurt the value of media fortunes. The end of the cellular bidding war is the change that knocked three of the four McCaw brothers off the list. And so forth.

But the shift in the wind revealed in our Forbes Four Hundred research this year is so pervasive it suggests something much larger is happening.

We are seeing the world's capital markets seeking a new equilibrium. A near record economic expansion and the inevitable overoptimism that resulted were impelled by easy credit into driving the market prices of assets to unjustifiable and unsustainable levels. If you wanted to buy anything, the money was there.

Think back a moment to September 1982, the first time we published The Forbes Four Hundred. It was at the bottom of our last recession. Inflation had just come down from double digits. The Dow Jones industrials at 850. The prime rate near 15% and Treasurys priced to yield 12%.

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This year's Forbes Four Hundred biographees are color-coded according to the relative sizes of their estimated fortunes, using the spectrum shown on the right.

+ $2,000,000,000
+ $1,500,000,000
+ $1,000,000,000
+ $900,000,000
+ $800,000,000
+ $700,000,000
+ $600,000,000
+ $500,000,000
+ $400,000,000
+ $300,000,000
UNDER $300,000,000

Jim Karageorge

William Hewlett
Down $435 million.

Shelly Katz/Black Star

Caroline Rose Hunt
Down $300 million.

Andrew Popper/Picture Group

Rupert Murdoch
Down $600 million.

Bob John Magness
Down $210 million.

The month before, the *New York Times* proclaimed that "the recession's cruel effects are expected to cut deeply into . . . the economy for years to come." The media, especially the tube, dripped gloom.

In short, it was the perfect time to buy.

And our list? Its richest fortune was Daniel Ludwig's, estimated at $2 billion. The poorest, Armas Markkula of Apple Computer, a mere $91 million. The average fortune, $230 million. The total of all the estimated net worths that year, $92 billion.

From there, it has been almost straight up (the 1987 crash excepted) for most of a decade. This year, a pause and a modest retreat, with capital values still pretty high. Today John Kluge tops our list at $5.6 billion, Katharine Graham's son Donald, of the *Washington Post* fortune, brings up the rear at $260 million. Today's prime rate is 10%, long Treasurys around 9%, and a depressed Dow at 2500—still three times the level of 1982.

Still, some of the markdowns have been drastic. Cable TV magnate Charles Dolan's Cablevision Systems is one of the most leveraged companies going, with about $2 billion in debt. He's been rolling it over, "evergreening" as he goes, but he faces major debt maturities in 1992. Figuring all this, we cut our estimate of his net wealth by 56%. Bob Magness, another cable king, saw his fortune decline by 33%.

Then there's Jane Bancroft Cook, whose share of the Dow Jones fortune is off 43%. The mighty *Wall Street Journal* and *Barron's* brought so low? Yep. A third of the *Wall Street Journal*'s advertising normally comes from the battered financial sector. Its less known but significant Ottaway newspaper chain is concentrated in the similarly battered Northeast, where newspaper ad revenues are particularly weak.

And the startling drop in highflier McCaw Cellular Communications that dropped three of the McCaw brothers off the list and sent Chairman Craig McCaw's net worth down 45% when we priced it as of early last month, and more since. McCaw may not be able to generate enough cash flow to service its debt, but so what, argues Herschel Shosteck, an international telecommunications economist: "When you owe $3 billion, the banks are in trouble, not you."

Finally, just to get away from media and communications, consider William Hewlett, down 40%. After allowing for his 2-million-share gift of Hewlett-Packard stock to charity, there's the fact that H-P stock is down sharply. And then there's Warren Buffett, whose Berkshire Hathaway stockholding went down $860 million; perhaps the 8% earnings gain in the second quarter was less than his investors are used to.

Note this: The general marking down of values did not stem from recession or even from a serious squeeze on earnings. Essentially it was a result of the vast shrinkage of credit, which ended the game of buying properties with other people's money. Junk bond buyers were no longer willing to play sucker for leveraged takeovers, and even the banks were discovering long-forgotten principles of creditworthiness. Suddenly, buyers of businesses and properties were having to commit much more of their own money, and prices slumped accordingly. Is this bad? It's painful but probably healthy for the economy. ■

New to The Forbes Four Hundred

Name	Net worth ($mil)	Page
Fred A. Lennon	$600	198
Bernard Francis Saul II	500	214
William Edward Maritz	500	216
Erskine Bronson Ingram	500	216
Alan Ashton	475	219
Bruce Bastian	475	219
A. Donald McCulloch Jr.	470	219
Bernard F. Brennan	450	222
Steven Anthony Ballmer	445	224

Name	Net worth ($mil)	Page
Jack Crawford Taylor	$435	224
A[illegible]e Franchetti	425	168
Dwayne B. Reinhart	350	244
Dean Stanley Lesher	350	246
James McGlothlin	340	248
Bill Daniels	325	254
Lillian Bounds Disney	315	258
Diane Disney Miller	315	258
Jud Sedwick	315	260

Name	Net worth ($mil)	Page
Russell Solomon	$310	260
Roger Penske	300	264
D. Dean Rhoads	300	264
Viola Sommer	300	268
Peter May	280	206
Clemmie D. Spangler Jr.	280	272
Sharon Disney Lund	275	258
John Jay Moores	270	276
Doris F. Fisher	265	276

BILLIONAIRES

John Werner Kluge

Metromedia. Charlottesville, Va.; NYC. 76. Twice divorced, remarried, seeking third divorce, allegedly amiably; 3 children. German-born, poor, settled in Detroit 1922. Scholarship student Columbia University; economics degree 1937. Army intelligence WWII. Bought Maryland radio station; built string of radio, TV stations; formed Metromedia; added billboards, Harlem Globetrotters, Ice Capades, cellular phone. Convert to Catholicism before marriage to magazine model, actress Patricia Rose Gay, 1981 (now divorcing). Liquidated Metromedia assets 1984, realizing 2.5 times what shareholders got ($4.65 billion before taxes, debt). With cash started computerized billboard painting company, raised Orion Pictures stake to about 70%. Bought Ponderosa Steak chain; also has Bonanza, Steak & Ale. Metromedia recently sold NYC cellular for $1.05 billion cash and $850 million stock; still has half of Philadelphia's cellular franchise; Metromedia Long Distance telephone service, fourth-largest long-distance carrier in U.S. Has a 10,000-acre estate in Virginia; 80,000 acres and castle in Scotland; finishing new yacht. Net worth at least $5.6 billion.

Andy Freeberg

John Werner Kluge

Warren Edward Buffett

Investments. Omaha. 60. Married (separated); 3 children. Son of stockbroker who later became a congressman. Showed early interest in family business; first stock purchase age 11. M.S. Columbia. Disciple of Columbia's financial guru, Benjamin Graham. Worked briefly with Graham in New York 1954, then adopted Graham's method of "value investing" to start investment partnership in Omaha 1956. Bought Berkshire Hathaway textile mills 1965 ($12/share); dissolved partnership 1969 after thirtyfold growth, decided to use Berkshire Hathaway as prime investment vehicle. Textile business floundered (ceased operations 1985) but investment business boomed. Made fortune in long-run investments in undervalued companies. Large shareholder Washington Post, Geico, Capital Cities/ABC: "In the short run the market is a voting machine, but in the long run it's a weighing machine." Recently fond of playing white knight: received sweetheart deals for "saving" Salomon Brothers and Gillette from Revlon's Ronald O. Perelman. Says will give bulk of wealth to foundation devoted to population control and nuclear disarmament. Buffett: "[I] enjoy the process far more than the proceeds, though [I] have learned to live with those, also." Good thing: his Berkshire Hathaway stock worth $3.3 billion.

Louie Psihoyos/Matrix

Warren Edward Buffett

Ronald Owen Perelman

Leveraged buyouts. NYC. 47. Divorced, remarried; 5 children. Exposed to business at father's metal fabricating outfit in Philadelphia; Wharton business school. In 1978 borrowed $1.9 million to buy minority interest in jewelry distributor; proceeded to build into MacAn-

Bob Sacha

Ronald Owen Perelman

drews & Forbes conglomerate, using debt from Drexel. Constructed money machine: buy undervalued assets, divest of all but cash cows, bag bigger game. Nailed Revlon for $3 billion 1985, failed in $4.1 billion bid for Gillette. Revlon now owns 80% of growth firm National Health Laboratories (medical testing); provides over one-third of profits, less than 15% of revenue. Sold 15% to public last summer to refinance some of heavy debt (said to be $2.6 billion on Revlon Group alone). Also has licorice business, most sold to tobacco companies (cigarette flavoring agent). Other businesses: Coleman Co. bought 1989 $545 million (maker of camping gear); took Andrews Group (Marvel comics, New World Entertainment) private this year; made $104 million profit in 1988-89 on Texas' First Gibraltar Savings Bank on $315 million investment. Recently reported buying $1 billion Oklahoma S&L to go with it. Can afford to live like billionaire, with net worth estimated at least $2.87 billion.

Henry Lea Hillman

Industrialist, venture capitalist, real estate developer. Pittsburgh. 71. Married, 4 children. Self-effacing son of fiery coal-steel-gas magnate John Hartwell Hillman Jr., who nipped at Mellon family heels, built Pittsburgh Coke & Chemical, Texas Gas Transmission, etc. Henry joined business 1946, took over after father's death 1959. "I'm not a table-pounder, and he was." Bought out 5 siblings (now deceased). Sold off smokestack assets, diversified into real estate, light industry. Holdings estimated $300 million 1969. Science/high-tech buff, invested heavily in Silicon Valley mid-1970s. Now switching from software and electronics to biotech. Major stake in GE. Backed LBO shops, including Kohlberg Kravis Roberts *(which see)*; later his own: Copeland Corp. Real estate holdings all over U.S. may be worth $1.4 billion. Says Hillman executive: "Prices are down; what does that mean except it's time to buy." Wife Elsie Pennsylvania campaign manager for Bush 1988. Henry shares ownership with stepbrothers Howard and Tatnall *(which see)*; his two-thirds estimated at $2.65 billion.

Henry Lea Hillman

Barbara Cox Anthony

Anne Cox Chambers

Sisters. Inheritance. Daughters of country schoolteacher, reporter James M. Cox, who bought Dayton (Ohio) Daily News 1898 for $26,000. Ohio governor 3 times; Democratic presidential nominee 1920 (FDR was running mate), lost to Warren G. Harding. Left politics, returned to press. Bought Atlanta Journal 1939, Atlanta Constitution 1950; they later merged, became flagship of media empire. Died 1957, succeeded by son James Jr., who made fortuitous diversification into cable TV; regulatory problems prompted spinoff 1964. Died 1974. Jr.'s sisters have 98% ownership. Ceded control first to Barbara's husband, Garner Anthony, who led $1.2 billion buyout/merger of (spun off) Cox Communications 1985, then to Barbara's son, James C. Kennedy, 1988. Cox Enterprises now 18 dailies, 10 weeklies, 7 major TV stations, 13 radio, huge cable empire (more than 1.5 million subscribers). Anne: Atlanta. 70. Twice divorced, 3 children. Leading light of Atlanta society. Early supporter Jimmy Carter, became his ambassador to Belgium. Says she is "basically a peasant." Barbara: Honolulu. 67. Divorced, widowed, remarried; 2 children. Owns ranch in Australia. Anne chairwoman Atlanta papers, Barbara chairwoman Dayton papers. Together, worth at least $5.2 billion.

Sabine Weiss/Rapho

Barbara Cox Anthony

Kelly Jordan/Ron Galella

Anne Cox Chambers

Samuel Irving Newhouse Jr.

Donald Edward Newhouse

Brothers. Publishing, cable TV. Father Samuel born to Eastern European immigrants. Ran Bayonne

Robin Platzer

Samuel Irving Newhouse Jr.

Ron Galella

Donald Edward Newhouse

(N.J.) Times age 16, took over ailing Staten Island Advance 1922. Fanatic cost-cutter, worked out of briefcase; built nation's largest privately held newspaper chain. Ran business with 3 brothers; 2 sons tagged along on rounds. His 1959 purchase of magazine publisher Condé Nast for $5 million an anniversary present for wife: "She asked for a fashion magazine and I went out and got her Vogue." Knack for attracting talent: Vogue editor Diana Vreeland, Condé Nast editorial director Alexander Liberman. Death in 1979 brought estate tax cases (2 settled favorably, one to go). Sons expanding empire: 29 newspapers, 17 magazines, books, cable TV, etc. Si: NYC. 62. Divorced, remarried; 3 children. Supervises magazines (New Yorker, Vogue, Gourmet, Vanity Fair, Parade, etc.), Random House. Introverted, dedicated art collector; workday starts 4:45 a.m. Son Samuel III, Jersey Journal publisher. Donald: 61. Married, 3 children. Advance president; newspapers' total circulation over 3 million, include Newark Star-Ledger, Portland Oregonian, etc.; also cable TV (over 1.1 million subscribers). Son Steven, Jersey Journal editor. Si and Donald share empire worth over $5.2 billion, net of (much-reduced) potential tax liability.

Jay Arthur Pritzker

Robert Alan Pritzker

Brothers. Financiers, manufacturers. Grandfather Nicholas Pritzker came to Chicago from Kiev 1881; started law firm 1902; joined by his 3 sons; still Pritzker & Pritzker today. One son, Abram (A.N.) diversified out of law into real estate, light manufacturing, late 1930s; d. 1986. A.N.'s sons multiplied holdings. Financial wizard Jay: 68. Married, 4 children. Studied law, used father's credit to help finance own deals. Started Hyatt Hotels 1957; run by brother Donald (d. 1972); known for extravagant architecture; expanding under Jay's son Thomas; new division Classic Residence, which offers luxury retirement centers, run by Donald's daughter Penny. Robert: 64. Divorced, remarried; 5 children. Considered family engineer. Runs over 60 low-tech manufacturing, service firms through Marmon Group (1989 earnings, $206 million). Family also owns Ticketmaster and smokeless tobacco firm Conwood. Total Pritzker brothers' wealth at least $5 billion.

Kevin Horan/Picture Group

Robert and Jay Pritzker

Sam Moore Walton

S. Robson Walton

John T. Walton

Jim C. Walton

Alice L. Walton

Father, children. Wal-Mart Stores. Sam: Bentonville, Ark. 72. Married, 4 children. Born Kingfisher, Okla., delivered paper, milked cows during Depression. Started out at Des Moines J.C. Penney for $85/month 1940; stateside MP WWII. Opened Ben Franklin store Newport, Ark. with money saved in Army 1945; lost lease 1950. Started over in Bentonville with brother James L. (*which see*). Ben Franklin not interested in proposal for small-town discount stores. Opened first Wal-Mart in Rogers, Ark. 1962. Went public 1970. Lots of small towns around: expanded explosively. Now over 1,400 Wal-Marts, third-largest U.S. retailer; 1989 sales, $25 billion. Spared no effort building company morale: famous for delivering on one promise, dancing hula in grass skirt on Wall Street when company surpassed earnings goals. Hypermart USA experiment begun 1987, abandoned 1990. Now next step is expansion into Northeast. Sam stepped down as CEO 1988; still visits stores. Work ethic: "TGIM—Thank God It's Monday." Began chemotherapy for bone/blood cancer; with early detection, doctors expect full recovery. Lives modestly, hunts quail: "With Sam, what you see is what you get." Pilots own small plane. Family holding company shared equally among Sam, children. S. Robson: Bentonville. 46. Divorced, remarried; 3 children. Wal-Mart vice chairman. Yale law degree. Competitive bicyclist. John: San Diego. 45. Married, 2 children. Vietnam veteran. Limited involvement in family holding company Walton Enterprises; owns boat-building company, Arizona crop-dusting firm. Jim: Bentonville. 42. Married, 4 children. President Walton Enterprises, runs family banks, property investments. Interested in preserving historic buildings. Alice: Rogers, Ark. 41. Divorced twice. Started investment firm Llama Co. (named for pet LeRoy) with $19.5 million from Walton Enterprises: combination broker-dealer, fixed-income portfolio manager. The Waltons' 39% stake in Wal-Mart, other investments worth $12.5 billion.

Rob Nelson/Picture Group

Sam Moore Walton

The Forbes Four Hundred

$2,000,000,000

[redacted]

William Henry Gates III

Microsoft Corp. Seattle. 34. Single; nicknamed Trey. Father prominent Seattle lawyer; mother regent of U. of Wash. Created first computer program age 13. Dropped out of Harvard prelaw age 19 to found Microsoft with Paul Allen *(which see)* 1975. Works hard, plays hard: known for 16-hour days, awaits Porsche 959 ($600,000) held up by U.S. Customs. Building 35,800-square-foot home into suburban hillside, mostly underground but with waterfront view. Built Microsoft as way of contributing to computer crusade. Made first significant thrust into foreign markets 1980; gained prominence with DOS (Disk Operating System) applicable to PCS 1981. Quickly became leading software company. New program "Windows 3.0" aims to broaden market further by making PCS more user-friendly. Gates' aggressive strategy not endearing to competitors (continuing feuds with industry rivals Jim Manzi of Lotus, Phillipe Kahn of Borland): "His goal is to dominate every aspect of computing." Maintains informal but driven atmosphere at company headquarters (likened to college campus), hangs out in cafeteria talking shop with employees. Self-described "hard-core technoid," but employed masterful marketing to take Microsoft to the top ($1.1 billion net revenues fiscal 1990). His stock, proceeds from sales, worth $2.5 billion.

Seth Resnick

William Henry Gates III

[redacted]

Henry Ross Perot

Electronic Data Systems. Dallas. 60. Married; 4 daughters, 1 son. Son of Texas cotton broker; various jobs as teenager, including breaking horses; "business school" watching father deal with poor east Texas cotton farmers. Eagle Scout. Annapolis. Dissatisfied with pace of advancement, left Navy after 4 years for sales job with IBM. Pioneered brokering of computer time to increase sales; accepted commission cut to get sales quota increased. Dissatisfied with pace of advancement, formed EDS 1962 with $1,000 of wife's savings when IBM nixed plan to sell data processing services. Paper billionaire 1969. Crashed. Recovered. Tried to help bring supplies to POWS during Vietnam War. Sold out to GM for $1.4 billion in cash, stock 1984. Paid extra to go away 1986 after offering "constructive criticism." Set up Perot Systems 1988 to compete with EDS. Also, 18,000 acres surrounding Dallas; includes Alliance Airport, where Ross Jr. plans world manufacturing center: American Airlines, Ishida Corp. (to build tilt-wing aircraft) already signed on. Offered to transport families to visit Panama wounded. Net worth tops $2.2 billion. "The bulk is in liquid investments."

Shelly Katz/Black Star

Henry Ross Perot

[redacted]

A. Alfred Taubman

Shopping centers et al. Bloomfield Hills, Mich. 65. Divorced, remarried (to former Miss Israel); 3 children. Father was Detroit custom studied architecture at U. of Mich.; dropped out to start working. Started own firm with $5,000 loan 1950; developed first shopping center 1953, built more. Large regional malls 1960s; obsession with detail leads to stringent leases, store design requirements: "If they don't like it, they don't have to rent with us." Now has 20 malls. Led Irvine Ranch buyout 1977; earned $150 million on 1983 sale. Was white knight for Sotheby's 1983, took public 1988. Got into retailing himself: bought department stores Woodward & Lothrop, Wanamaker's. Also over 500 luxury apartments Detroit, building 270 more; A&W Restaurants; 100 movie screens. Worth estimated at least $2.1 billion.

Anthony Savignano/Ron Galella

A. Alfred Taubman

[redacted]

Ted Arison

Carnival Cruise Lines. Miami Beach. 66. Divorced, remarried; 2 children by first marriage, 1 adopted in second. Scion of Israeli ship-

Gerald Davis

Ted Arison

ping family. Fought in 1948 War of Independence. Emigrated to U.S. 1952, when Israel nationalized shipping industry. Air cargo manager for El Al airlines NYC. Moved to Miami 1966, saw potential for mass-market cruises. Bought 550-passenger ship, formed Norwegian Cruise Lines with partner. Joint venture ended in vitriolic lawsuit. Formed Carnival Cruise lines with schoolmate Meshulam Riklis, 1972. Went bust 1974, bought out Riklis for $1. Added gambling, discos, "fun activities," on ship; line profitable ever since; 1989 revenues over $1 billion. Company expanding into landlubber business; now owns hotel and casino complex in Bahamas (Crystal Palace). Other ventures (share of Miami Heat basketball franchise, real estate and savings and loan holding company) not as successful. Former colleague: "[He has been] damn lucky. Things almost mystical have happened to him." But his Ensign Bank seized by feds. Still worth very mystical $2.1 billion.

Sumner Murray Redstone

National Amusements, Inc. Newton Centre, Mass. 67. Married, 2 children. Son of drive-in theater owner. Boston Latin high school; broke Japanese codes WWII; graduated Harvard Law in top 12 of class 1947. Brief stint with Justice Dept., entered father's movie theater business 1954. Took over, built National Amusements Inc. (estimated 1989 sales, $155 million) to 650-plus screens U.S., U.K. Realized big gains 1980s as investor in Twentieth Century Fox, Columbia Pictures takeover, MGM/UA Home Video buyback. Survived 1979 Boston hotel fire by clinging to ledge. Bought entertainment giant Viacom (Showtime The Movie Channel, MTV, cable, radio, TV stations) in $3.2 billion LBO hostile takeover 1987: "It was like a war." Took public next day; his 83% worth $1.7 billion. Net worth nearly tripled at one stroke. Battled John Kluge *(which see)* for Orion Pictures; lost, but $18 million profit. Viacom now negotiating settlement of $2.4 billion antitrust suit with Time Warner. His National Amusements, other investments worth at least $2 billion. Another near triple would top Kluge. "Great successes are built on failures and calamities and frustrations, not on small successes."

Sumner Murray Redstone

Charles de Ganahl Koch

David Hamilton Koch

Brothers. Oil. Sons of Fred (d. 1967), cofounder of Koch Engineering Co., 1925. Developed thermal cracking refining process to squeeze extra gas from crude, 1928; Stalin was customer. Early member John Birch Society 1958. When Fred died, 4 sons inherited $250 million (sales) oil marketer; renamed Koch Industries. Charles (3 MIT degrees) became hard-driving chairman; bought refinery, moved into chemicals, pipelines, ranching. Koch Industries now second-largest closely held U.S. company after Cargill (sales reportedly over $16 billion, net earnings about $400 million). Charles: Wichita, Kans. 54. Married, 2 children. Management consultant before taking Koch helm. David: NYC. 50. Single. Joined Koch 1970, now executive VP; 1980 Libertarian VP nominee. Family battle 1981-83 over company control with brothers William, Fred *(see both)*. Bill (David's twin) claimed Charles hoarded power, withheld information, sued for mismanagement; Charles claimed Bill had "various psychiatric ailments." Settled 1983 when Bill, Fred, other relatives bought out for estimated $1.5 billion. David: "They wanted cash and they got it. But we got the company." Terrific deal: Charles', David's 80% Koch Industries, etc. now believed worth at least $3.8 billion.

Larry Fleming

Charles de Ganahl Koch

David Hamilton Koch

Edgar Miles Bronfman

Seagram Co. Ltd. NYC. 61. Married 4 times (twice to current wife); 7 children. Father Samuel established liquor distillery near Montreal; business boomed after Prohibition. Bought up rival Joseph E. Seagram & Sons 1928. Anticipated end of Prohibition, stocked huge inventories of liquor, subsequently gained dominant position in U.S. market. Sons, Edgar and Charles, took over business in 1971, split responsiblities; Edgar took over larger U.S. operations, became U.S. citizen. Charles took the Canadian operations. Shut out cousins (once major shareholders); latter started own billion-dollar business in Canada. Edgar tapped son and namesake Edgar Jr. to become COO and president 1989. Edgar Jr., 35 and

Reuven Kopitchinski

Edgar Myles Bronfman

former Hollywood producer (*The Border*), working with father on diversifying through beverage market. Seagram's now owns Tropicana, Soho Natural Sodas, Martell Cognacs. 1989 gross revenues, $5.5 billion. Edgar Sr., president World Jewish Congress; travels globe in corporate jet (777 Sugar Whiskey). With Seagram's stock, other assets, worth $1.9 billion.

[redacted]

Charles F. Feeney

Duty Free Shoppers, real estate, etc. London. 59. Married, 5 children. Founded Duty Free Shoppers in Hong Kong 1960 with classmate at Cornell School of Hotel Administration, built into world's largest duty-free retailer. Focused on Pacific basin; Japanese tourists main customers. Lavished tour guides with hefty commissions for guiding tourists to stores. Left day-to-day management early 1970s to concentrate on investing enormous cash flow through Bermuda-based General Atlantic holding company, Hong Kong/San Francisco-based InterPacific. Resort hotels in Guam and Saipan, Tahiti shopping center; Taiwan watchmakers; Hawaii retail clothing; Texas discount clothing chain; posh London cashmere store; investments in computer software and real estate. Called high-strung, fast-talking, fast-thinking, frugal. Flies economy class. "He's really most content at 36,000 feet." With at least 40% of Duty Free Shoppers and other investments, believed worth at least $1.9 billion.

Charles F. Feeney

[redacted]

Leslie Herbert Wexner

The Limited. Columbus, Ohio. 53. Single. Law school dropout; entered parents' clothing store 1961. Disagreed on retailing strategies, borrowed $5,000 to open store "his way," specializing in women's sportswear 1963. Built chain, went national exploiting latest trends, winning combination of quick distribution, moderate prices. Lean inventories prevented merchandise buildup in 1988 women's apparel slump. Acquisitions helped make the Limited one of the largest specialty retailers, with over 3,100 stores, $4.6 billion sales. Expanded into men's apparel. "We believe we are reinventing the specialty-store business." Forays into oil and gas not so lucrative: lost $2 million in drilling ventures 1989. After nearly freezing to death in summer snowstorm atop Vail mountain 1981, vowed to use time more purposefully: now active Jewish, civic charities. Stock, other assets worth over $1.8 billion.

[illegible]

Leslie Herbert Wexner

[redacted]

Forrest Edward Mars Sr.

Forrest Edward Mars Jr.

John Franklyn Mars

Jacqueline Mars Vogel

Candy. Son, 2 grandsons and granddaughter of Frank and Ethel Mars, Seattle candymakers. After two failures, 1914 bankruptcy, moved to Minnesota 1920; struck gold with Milky Way recipe 1923. Frank (d. 1934) financed son Forrest's British candy business to keep him distant. Forrest Sr.: Las Vegas. 80s (spokesman: "Nobody's got the courage to find out how old he is"). Widowed, 2 sons, 1 daughter. Built empire in Europe, returned 1940 one-third owner; added M&M's, Uncle Ben's Rice. Bought out half-sister, won control from rest of family 1964. Built Mars, Inc. into one of world's largest candy companies; almost one-third of U.S. market; also Kal Kan pet foods, vending machines, etc. Estimated 1989 sales about $7.5 billion. Secret is quality ingredients ("quality first, then worry about profit"), cheap packaging ("they don't eat the paper"), fanatic cost control. Forrest Sr. retired 1973, runs fine chocolate boutique Las Vegas. Religious: "I pray for Milky Way, I pray for Snickers." Forrest Jr: McLean, Va. 59. Married, 4 daughters. Secretive like father. Once ran Dutch unit. Now co-president, considered CEO. Pushed new candy image: gives energy, not pimples; added granola bars. John: Arlington, Va. 55. Married; 1 son, 1 daughter. Called

Greg Mathieson

Forrest Edward Mars Sr.

brusque, strong-willed; said to have inherited father's autocratic manner. Began in Australian operation, now co-president. Jacqueline: Bedminster, N.J. 51. Divorced, remarried; 3 children. Director. Siblings said to own Mars, yet still visibly insecure at mention of father's name. Four Marses share control of company estimated worth over $6.8 billion.

Philip Frederick Anschutz

Oil, railroads, investments. Denver. 50. Married, 3 children. Kansas native, played piano at U. of Kansas frat parties. Father Fred oil rig operator, unknowingly bought ranch on oil-rich land; Phil bought dad out 1961, sold rigs. Aggressively pursued oil, gas leases. Struck it rich at Anschutz Ranch East in Wyo. Utah (crude reserves alone estimated over 700 million barrels); sold Mobil half interest for $500 million 1982. Went into stocks, minerals, real estate (Denver's Anaconda Tower, Fairmont—now Hyatt—Hotel). Bought Rio Grande Railroad for $500 million 1984; added Southern Pacific 1988; still buying up small lines: controls network from Mississippi river to Calif., Mexican border to Wyoming. Morgan Stanley in railroad deal with him; turning out better for Anschutz (FORBES, *May 28*). Major western art collection toured Soviet Union 1989. Reportedly marathon runner. Net worth estimated $1.7 billion.

AP/Wide World

Philip Frederick Anschutz

Walter Hubert Annenberg

Publishing. Wynnewood, Pa.; Rancho Mirage, Calif. 82. Divorced, remarried; 1 daughter (1 son deceased). Son of Moses Annenberg (d. 1942), founder of predecessor to Triangle Publications (Philadelphia Inquirer, Daily Racing Form). Walter inherited debt-ridden firm age 32, expanded. Started TV Guide 1953, turned into largest-circulation magazine in U.S.; moneymaking machine. Also Seventeen, Good Food. Sold Inquirer to Knight-Ridder 1970. Ambassador to Court of St. James's 1969-74. Sold Triangle 1988 to Rupert Murdoch *(which see)* for thought-outlandish $3.2 billion. Esteemed collector of art; paid $41 million for 1905 Picasso 1989. Philanthropic giving, plans total over $1 billion; e.g.: $21 million to U. of Pennsylvania 1989, $50 million to United Negro College Fund 1990. His share Triangle sale, art, GM stock believed worth $1.65 billion.

David Strick/Onyx

Walter Hubert Annenberg

Harry Brakmann Helmsley

Real estate. NYC and Greenwich, Conn. 81. Divorced, remarried; childless. Started in mail room; collected rents for real estate firm; partner 1938. Began buying ordinary, unpretentious buildings, matching his means, unassuming manner, 1930s; brokered buildings, reinvested commissions for downpayment. First wife Quaker, he converted 1940. Pioneered real estate syndication with late 400 member Lawrence Wien. By 1950s in prime Manhattan buildings; Empire State Building 1961; Helmsley took operating lease. "Money's the great motivator." Today Helmsley partnerships control 50 million square feet commercial, 50,000 apartments, 13,000 hotel rooms nationwide. Shocked associates with 1972 divorce, remarriage to star broker Leona Roberts. Invaded NYC social scene, displayed Helmsley name on buildings. Leona still appealing 4-year sentence for tax evasion; Harry declared mentally unfit to stand trial. Helmsley-Spear, no successor in sight, losing leadership position in NYC brokerage. Harry, still collecting receipts from once-grand empire, worth at least $1.65 billion.

Ron Galella

Harry Brakmann Helmsley

Lester Crown and family

Inheritance, industrialist. Wilmette, Ill. 65. Married; 7 children, 3 in business. Son of renowned Chicago financier Henry Crown (d. 1990) who with 2 brothers organized Material Service Co. 1919 to supply building materials. Strove for efficiency to outlast fierce competition during Depression; perseverance meant dominant market position when economy recovered. Henry got nickname "Colonel" procuring Army supplies during war. Then began diversifying, building fortune, taking advantage of leverage, tax-deferral: large stakes in stocks, real estate. Sold Material Services to General Dynamics for preferred stock 1959; forced to sell preferred, later bought common on open market, ousted management, effected turnaround. Son Lester, chemical engineer, Harvard M.B.A., currently controls fortune much tied up in family trusts; 23 relatives have interests. Forced to buy out stake of cousins who sued trust administrator to get control from Lester 1990. Separately, Lester's in-laws, the Schine family, suing over Lester's administration of trusts. Despite legal problems, Crown fortune still worth estimated $1.65 billion.

John Madere

Lester Crown

Marvin Harold Davis

Oil, real estate. Beverly Hills. 65. Married, 5 children. Father Jack, British boxer turned dressmaker in NYC's garment district, invested in oil post WWII. Marvin entered biz after NYU, became successful wildcatter: purchased cheap Rocky Mountain oil leases. Sold lucrative properties to Hiram Walker 1981 for $630 million. Diversified interests: bought 20th Century Fox with Marc Rich *(which see)*, bought Rich's share, sold in two parts to Rupert Murdoch *(which see)*; kept top resorts Pebble Beach Co. (now sold), Aspen Skiing Co., estimated $350 million profit. Still battling 1985 suit that claims Davis "misrepresented" some wells' results. Purchased Beverly Hills Hotel 1986 from Ivan Boesky for $135 million, flipped to Sultan of Brunei 1987 for $200 million. Holds other real estate through Miller-Klutznick-Davis-Gray. Considered buying Lorimar Telepictures, MGM/UA Communications, L.A. Herald Examiner. Made high-flying offers for airlines 1989: UAL, netted $100 million; Northwest, netted $25 million. Into Hollywood glitz, party-goer scene. Charity focuses on medical efforts. Net worth estimated $1.65 billion.

Jeff Slocomb/Outline

Marvin Harold Davis

Donald Leroy Bren

Real estate. Newport Beach, Calif. 58. Twice divorced, 3 children. Hollywood rich kid: dad late real estate developer/movie producer Milton Bren, stepmother actress Claire Trevor. Built hot rods in high school; attended U. of Washington on skiing scholarship, lost Olympics bid 1956. Marine Corps. Borrowed $10,000 to build first house 1958; home-building firm flourished in 1960s boom. Sold out to International Paper for $34 million 1970; bought it back for reported $22 million 1972. Big move 1977: joined Al Taubman, Milt Petrie, Max Fisher, Herb Allen *(all of which see)*, others to buy Irvine Ranch. Too many cooks: "Each of their egos could fill the room"; bought out most partners for $518 million 1983. At buyout price, property worth $1 billion; partners Joan Irvine Smith and Athalie Clarke said $3 billion, sued (1989 Michigan judge awarded $149 million plus back interest). Bren now holding one-sixth Orange County (over 64,000 acres); building elegant condos and office parks; leaving his imprint on the world. Further development constrained by strong environmental forces. Fortune worth $1.6 billion.

John Harding

Donald Leroy Bren

Samuel Jayson LeFrak

Real estate. NYC. 72. Married, 4 children. Sam joined French immigrant father's construction firm after U. of Maryland, took over 1948. Became nation's largest private landlord: developed over 94,000 apartments (37,000 NYC), for "the mass, not the class." Continuing 600-acre, $10 billion, mixed-use waterfront site, Newport City, including 1.2-million-square-foot Newport Center Mall with Mel Simon *(which see)*. "Eighth wonder of the world," reported to be experiencing "financial difficulties," now under watchful eye of FHA. Son Richard president LeFrak Organization. Also smaller interests entertainment, music publishing, copyrights. "The music business is like real estate, except you don't have to

+$1,500,000,000

Michele Singer Outline

Samuel Jayson LeFrak

paint it every two years." Oil and gas interests. Knighted by Kings of Norway, Sweden. Collects art. Net worth still about $1.6 billion.

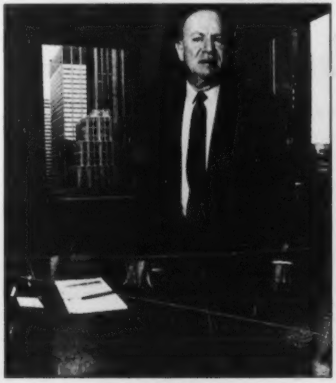
[redacted]

Laurence Allan Tisch

Preston Robert Tisch

Brothers. Loews Corp. Beginning with Lakewood, N.J. resort, bought with father Al 1946, Tisches orchestrated 12-hotel chain by 1955; next year built $17 million Fla. hotel without mortgage. Acquired Loews Theaters, Inc. 1959. Diversified into tobacco, insurance, hotels, Bulova Watch. Bought 25% CBS stock leading to boardroom coup 1986: Larry CEO, now runs CBS. Despite reputation for resuscitating foundering companies ("I love dying businesses"), still striving for success at CBS. Jettisoned magazine, record, music publishing divisions 1986-87; skyrocketing prices afterward made sale look like steal. Lately Larry concentrating on sports programming to spark rebuilding. Larry: NYC and Rye, N.Y. 67. Married, 4 children. "Mr. Inside" behind-the-scenes financial and strategic genius. Graduated NYU's school of commerce at 18, master's from Wharton, attended Harvard Law before deciding on hotel career. Eldest son Andrew runs Lorillard. Business philosophy: "Profits will follow from quality." Bob: NYC and Rye, N.Y. 64. Married; 2 sons, 1 daughter. "Mr. Outside," client-oriented. Left Postmaster General post March, 1988, after negotiating union contract that eluded predecessors 12 years. Hobnobs with both Democrats, Republicans. Son Jonathan son-in-law of Saul Steinberg *(which see)*, runs Loews Hotels. Active philanthropists: N.Y.U. donations alone exceed $45 million. Family investment company buying weak bank stocks. With stock holdings, real estate, other assets, jointly worth $3.1 billion.

Maria Robledo Outline



Laurence Allan Tisch

Michele Singer Outline

Preston Robert Tisch

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Robert Muse Bass

Oil, investments. Fort Worth. 42. Married, 2 children. Third son of oilman Perry Richardson Bass, who expanded oil holdings inherited from tycoon uncle Sid Richardson (d. 1951). Perry retired 1968, left family empire to sons. Eldest, Sid *(which see; also Lee, Edward)*, diversified oil holdings into stocks (Disney, Texaco, etc.), real estate. Robert (also Andover, Yale, Stanford business school) felt overshadowed, split from brothers 1983, moved one floor down in Bass-built Fort Worth office tower. Sold most of Disney stake, went on deal rampage: media (Taft broadcasting, cable TV, Times Publishing), real estate (sold Plaza to Trump at profit), information (bought Bell & Howell, bid for MacMillan). Put up $400 million for 70% of American S&L Association of Stockton, Calif. Good deal: 1989 profits topped $200 million plus tax breaks. Now partners with Equitable Life in Acadia Partners investment group: Butler Aviation, National Reinsurance Corp., Easco Corp. Highly private, imposes code of secrecy on employees. Net worth now believed worth $1.55 billion.

Ron Galella

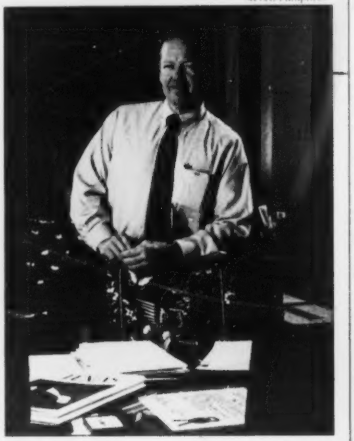
Robert Muse Bass

[redacted]

Ray Lee Hunt and family

Inheritance, oil, real estate. Runs fortune for the "second family" (of three) of H.L. Hunt, who married Ruth Ray and adopted kids 1957 after death of first wife 1955 (long kept families secret from each other—*see Caroline Hunt, Margaret Hunt Hill*). Ray Lee: Dallas. 47. Married, 5 children. His mother, Ruth Ray Hunt: Dallas. 73. Widowed, 4 chil-

Steven Pumphrey



Ray Lee Hunt

dren. His sister Ruth June: Dallas. 45. Single. Sister Helen: NYC. 41. Divorced, remarried; 6 children. Sister Swanee: Denver. 40. Divorced, remarried. Family inherited Hunt oil company, etc. 1974; split from first family, but amicably. Ray runs fortune: conservative businessman; turned company around, expanded. Made huge oil strike North Yemen 1984; 10% Beatrice oilfield in North Sea. Also Woodbine Development, other real estate around Dallas, Fort Worth; has oil refineries, etc. Active in civic affairs. Ruth June professional Christian speaker-singer; Swanee and Helen help social causes for mentally ill, poor. Not involved in first family silver debacle or bankruptcies. Worth over $1.5 billion.

Edward John DeBartolo

Shopping centers. Boardman, Ohio. 81. Widowed; 1 son, 1 daughter. Father, Anthony Paonessa, died months before birth of Mr. D, who took stepfather's name. Wrote contracting bids for non-English-speaking stepfather age 13. Mother scuttled plans to be truck driver, pushed him to Notre Dame. Studied civil engineering; Army engineer WWII. Broke off from stepfather with own firm 1948. Vision: "Stay out in the country. That's the new downtown." Built first strip a year later: "I would like to know that what I am doing could go on endlessly." Giant gamble at time, but suited his nature. Gambled again 1960s: huge regional malls, large Florida landholdings. Now "King of malls," over 80 million square feet owned. Also sports (son's San Francisco (football) 49ers, Pittsburgh (hockey) Penguins, 3 race tracks), hotels, office space: "I stick my nose in everything." Funded reckless Campeau acquisitions of Allied, Federated stores, but all his credits secured. Net worth at least $1.4 billion. Still maintains discipline of daily 5 a.m. rise: "I get here at 5:30 every morning and stay until 6:30 or 7:00." He means p.m.

Douglas Milner

Edward John DeBartolo

Stephen Davison Bechtel Jr. and family

Engineering, construction. San Francisco. 65. Married, 5 children. Grandson of Warren Bechtel, railroad builder, founder Bechtel Group. Took over gigantic, global construction company (Hoover Dam, Alaska pipeline) 1960 from father, Stephen Sr. (d. 1989). Expanded into nuclear facilities (built or helped build over 40% of U.S. plants). Maintained father's taste for colossal projects—e.g., Jubail, $40 billion Saudi industrial city, 1970s. Now working Pacific Rim: Japan, Singapore. Top execs in 1970s a Who's Who of Reagan Cabinet: George Shultz, Caspar Weinberger (Shultz back on Bechtel board). Company diversified into real estate, coal early 1980s; also operates small power plants. Son Riley, 38, now president, eventually chairman. Stephen's sister Barbara Bechtel Davies may have silent interest in firm. Bechtel Group, Bechtel Investments, family's Lakeside Corp., Sequoia Ventures, etc., worth at least $1.4 billion.

Mathew Naythons/Black Star

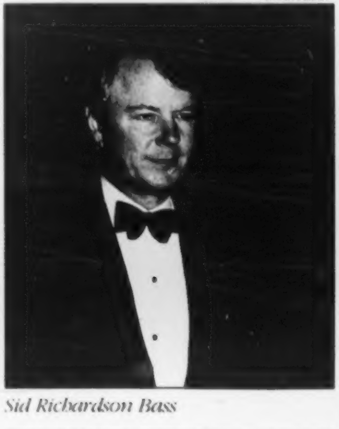
Stephen Davison Bechtel Jr.

Sid Richardson Bass

Lee Marshall Bass

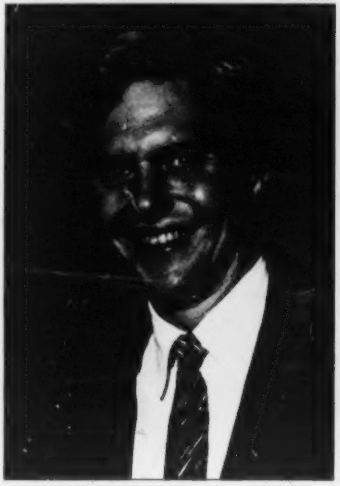
Brothers. Oil, investments. Fort Worth. Two of 4 sons of Perry Richardson Bass, whose uncle, oil legend Sid Richardson, started with $40 from Perry's mother. Left bulk of reported $100 million estate to charity 1959, some to Perry, who built new $50 million oil empire by 1968. Retired, giving reins to newly minted Stanford M.B.A. son, Sid: 47. Divorced, remarried; 2 children. Brought on Stanford classmate Richard Rainwater *(which see)* 1970; learned to deal together: Marathon

Robin Platzer



Sid Richardson Bass

Ben Weaver



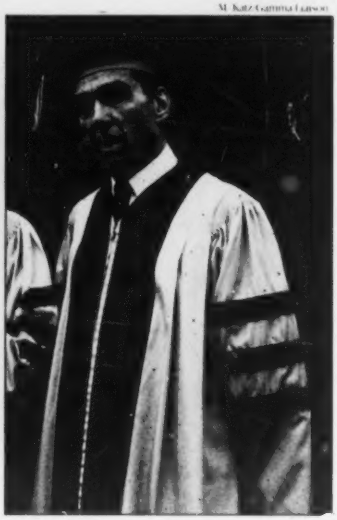
Lee Marshall Bass

Oil ($160 million estimated profit), Texaco ($450 million), Disney turnaround (family stake tops $2.5 billion). Brothers Robert, Edward *(see both)* went separate ways mid-1980s. Now-ex-wife Anne became increasingly prominent at New York society affairs 1980s; Sid left her for other socialite, Mercedes Kellogg, 1986; Anne's settlement 1989 worth $200 million at time. Sid's alleged honeymoon spot: Disney World; Sid swears he'll never sell his Disney stock. Lee: 34. Married, no children. Yalie (like other brothers), Wharton M.B.A. Invests with partner Sid; lives more quietly. Brothers' share of family fortune estimated at $2.8 billion.

Daniel Keith Ludwig

Shipping, real estate. NYC. 93. Divorced, remarried; 1 daughter by first marriage, 2 stepchildren. Son of Michigan real estate agent. Quit school at 19, borrowed $5,000 to convert old steamer. In 1930s chartered tankers to oil companies, used leases as collateral to build the tankers. In WWII built substantial U.S. tanker fleet, got it back free after V-J Day: world's third-largest tanker fleet. Built first supertankers in low-cost Japanese shipyards. Invested in real estate, mines, oil & gas around the world. Sank over $1 billion into Amazon wood pulp empire, towed power plant and paper mill from Japan. Shipping empire allowed to shrink. Invested in 4 S&Ls, now managed by Resolution Trust. $1 billion N.J. development project opposite Manhattan stalled since 1983. Gave foreign assets to Swiss cancer institute 1971, but controls it as private corporation. Reclusive, lives in constant back pain since shipping accident 60 years ago. Once told employee: "Working on a deal is better than a climax." Result: estimated net worth $1.4 billion.

M. Katz/Gamma Liaison



Daniel Keith Ludwig

David Packard

Hewlett-Packard. Los Altos Hills, Calif. 78. Widowed; 1 son, 3 daughters. Phi Beta Kappa, Stanford scholar, athlete: basketball, football, track. Raised $538, founded Hewlett-Packard 1939 with Stanford buddy William Hewlett in Palo Alto garage. First, marketed automatic bowling foul line indicators, automatic urinal flushers. Not much success. Hit pay dirt with audio oscillators. Fifty years, thousands of new products later, H-P among world leaders in electronics, computers. Richard Nixon's deputy defense secretary 1969-71, chairman of Ronald Reagan's Blue Ribbon Commission on Defense Management 1985-86. Active philanthropist: $70 million to Stanford for children's hospital; $40 million to build Monterey Bay Aquarium; etc. Pledged bulk of remaining fortune to David and Lucile Packard Foundation. Uncomfortable with recent landmark designation of Palo Alto garage as birthplace of Silicon Valley: "I'm not very strong on reminiscing. I think we ought to be looking forward rather than backward." Stock worth more than $1.4 billion.

Doug Menuez

David Packard

David Howard Murdock

Investments. Bel Air, Calif. 67. Divorced, widowed; 2 sons. Son of traveling salesman; high school dropout. After WWII, landed in Detroit, borrowed $1,800 to buy a diner; sold for a profit. Moved to Phoenix, built homes, founded a bank, accumulated estimated $100 million fortune. Phoenix market collapsed 1963; Murdock, with $13 million remaining, moved to LA. Invested in real estate, small companies, most now under Pacific Holdings (over $1 billion sales 1989). Helped merge Iowa Beef Processors into Occidental Petroleum; quarreled with Armand Hammer, relinquished Oxy stake for $100 million profit. Helped save Conti-

David Strick/Onyx

David Howard Murdock

nental Group from raider Sir James Goldsmith, then broke it up for $50 million profit. Merged Flexi-Van into Castle & Cooke, got 24% stake, now chairman, CEO. Miscellaneous real estate (Hay-Adams Hotel in Washington, D.C., Murdock Plaza in Los Angeles, etc.), large stable Arabian horses, etc. Prominent Republican fundraiser. Very private. Fortune estimated $1.35 billion.

Gordon Peter Getty

Inheritance. San Francisco. 56. Married, 4 sons. Son of famed oilman Jean Paul Getty. "Gordo" more interested in music than oil; studied at San Francisco's Conservatoire of Music 1960s; composes and conducts. Sued father for dividend income 1966; pilloried by father's lawyers, but only relative at father's deathbed 1976 *(see also J. Paul Jr.)*. Co-trustee of Sarah C. Getty Trust (named for his late grandmother) that held 40% Getty Oil; later sole trustee. Niece Anne Earhart *(which see)* filed first family lawsuit to oust him in 1976. Getty Oil board hostile to Gordo; he sparked Texaco-Pennzoil debacle by sale of family's oil trust to Texaco 1984. Scorned as businessman, but managed to sell at height of oil prices, doubled family fortune (to $3 billion), tripled income. Suit settled December 1988 with dissolution of main trust into separate trusts run for and by family members *(see Caroline Getty et al.)*. Gordo's quarter-plus years of enterprising investments by his business team worth at least $1.3 billion.

Joe McNally/Sygma

Gordon Peter Getty

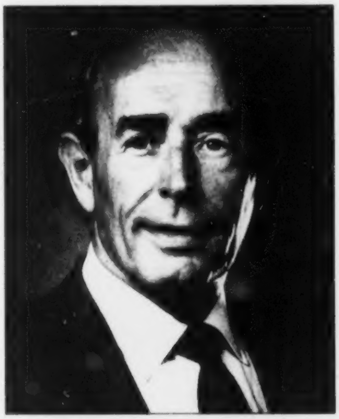
Leonard Norman Stern

Pet supplies, real estate. NYC. 52. Divorced, remarried, 3 children. Father Max came from Harz Mountains in Germany with 2,100 canaries 1926, sold birds, related products. Leonard, armed with M.B.A., took over at 21, added dog and cat supplies, built into industry leader; antitrust suits 1970s. Now has over 1,200 pet supply products, estimated 1989 sales $950 million. Built separate real estate fortune developing New Jersey Meadowlands (empty marshlands near NYC) and waterfront areas. Some still empty, some built with office, industrial, condo space. Bought Village Voice for $55 million 1985; also started up New York weekly 7 Days in 1988; folded 1990—too many losses, too few paid subscribers, no ready buyers. Gave alma mater NYU $30 million gift to establish Stern business school 1988. Also philanthropies for the homeless. Net worth estimated at $1.3 billion.

Leonard Norman Stern

Richard Marvin DeVos
Jay Van Andel

Partners. Amway Corp. Ada, Mich. 64, 66. Each married, 4 children; all but 1 work for company. Next-door neighbors, high school buddies. After WWII tried flying service, then hamburger stand; then bought and sailed schooner to Cuba (it sank). Started Amway 1959, in basement—it didn't sink. Began with soap, added some 350 products hawked by housewives, etc., preached American dream and free enterprise. Company pleaded guilty to Canadian customs fraud scheme 1983; fined C$25 million, largest ever. Sales declined, then rebounded as marketing pacts with big names (MCI, Firestone, Coca-Cola) put professional gloss on Bible-thumping image. Company has over 20 subsidiaries: real estate, jewelry, hotels, communications, etc. Made surprise $2 billion bid for Avon 1989 with Irwin Jacobs *(which see)*: derisively rejected. Amway products aren't. Amway Japan worth at least $2 billion alone. Van Andel and DeVos share company worth upwards of $2.6 billion.



Richard Marvin DeVos

Jay Van Andel

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Robert Edward (Ted) Turner III

Turner Broadcasting System. Roswell, Ga. 51. Twice divorced, 5 children. Renowned daredevil: once drank bottle of Chivas in 10 minutes to win bet. After hangover, revived father's billboard company 1963. Built failing Atlanta TV station into WTBS, first cable superstation 1976; aired his baseball Braves, basketball Hawks. Won America's Cup with Courageous 1977. Established cable news channel CNN 1980, Headline News (24-hour news program) 1982, Turner Network Television (TNT) 1988; also bought National Wrestling Alliance. Failed in CBS takeover 1985; bought MGM film library instead for $1.4 billion 1986. His Goodwill Games, Olympics-style sports showcase, lost $44 million 1990. Made enemies, prompted congressional hearings, by coloring classic black-and-white films. Rescued from debt scare by cable operators (including Time Inc.) 1987; his stake cut from 80% to 40%. Company now thriving; expanding to Latin America 1991; CNN alone reaches 59% of U.S. TV households. Next up: SportSouth, regional sports network covering Southeast. Stock, other investments worth $1.3 billion.

[illegible]

Robert Edward Turner III

Harold Clark Simmons

Investments. Dallas and Montecito, Calif. 59. Twice divorced, remarried; 4 daughters, 2 stepchildren. Son of Golden, Tex. schoolteachers, worked as bank examiner, bought Dallas drugstore with $5,000 equity at 29. Created 100-store chain, sold to Jack Eckard Corp. for $50 million stock 1973. Used hostile takeovers to build conglomerate: chemicals, oil services, timber, sugar, fast food, locks and hardware. Uses own money to fund ventures. "I enjoy finding values in companies that are worth more than I have to pay. Everybody's got to do something." Most assets in Valhi Corp.; public 1987. Also real estate Texas, Louisiana, Colorado, Arizona. Increased stake in Lockheed to 20% this year, considered dissident stockholder. Active philanthropist: gave $10 million toward arthritis research center 1985 (longtime sufferer), $41 million to U. of Texas Southwestern Medical Center 1988. Says goal is to build foundation with assets equal to world's largest (Howard Hughes Foundation, $5 billion). Family man; skier, tennis player. Stock, real estate worth estimated $1.3 billion.

Steven Pumphrey

Harold Clark Simmons

Kirk Kerkorian

Investments. Beverly Hills, Las Vegas. 73. Twice divorced, 2 children. Son of Armenian immigrant fruit farmer, junior high dropout, earned 40 cents an hour clearing lot for MGM building site. Lightweight amateur boxer. Repaired and sold junk cars—then DC-3s after WWII. Built charter airline, flew surplus Air Force planes across Atlantic, sold company for $104 million profit 1968. Paid $82 million for 40% MGM in hostile takeover 1969; $380 million for United Artists 1981, merged 1986. Shuffled assets in complex deal with Ted Turner *(which see)* 1986: sold 50% to Ted for $500 million, stock; bought back UA for $480 million, now subject of possible $220 million shareholders' suit. Owns 81% MGM Grand: hotel-casinos, luxury airline; $700 million plan for Las Vegas: 5,000-room hotel-casino, 80-acre movie theme park. Abortive attempt to sell MGM/UA Communications 1989. Trying again: sale under way to Pathe Communications, headed by Italian media magnate Giancarlo Parretti, for $1.3 billion. Deal supposed to close June, now October; financing difficulties, again. Described as trader not manager; once said, "The longer you stay, the more odds work against you." If not staying past this month, worth over $1.25 billion.

Peter [illegible]

Kirk Kerkorian

David Rockefeller and family

Inheritance. Banking, real estate. NYC, Tarrytown, N.Y. 75. Married, 6 children. Grandson John D. Rockefeller; youngest of 5 brothers *(see Laurance and family).* Still chairman Rockefeller Group, but

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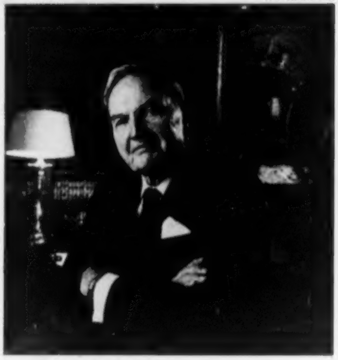
Rob Kinmonth



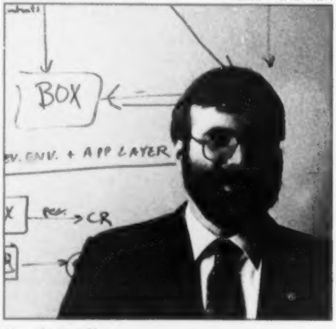
David Rockefeller

51% of this highly diversified investment firm (real estate finance, brokerage, development; LBOS; bridge loans; portfolio management et al.) now belongs to Japan's Mitsubishi Estate Co. Only brother with successful career in traditional family business (Chase Manhattan Bank), Ph.D. economics 1940, bank CEO 1969-80. Took up mantle of international statesman; arrival in South American capitals sometimes sparked riots. Major role NYC real estate (including ill-fated Westway project); 45% San Francisco's Embarcadero Center. Led family in 1985 cash out Rockefeller Center, acceding to wishes of cash-hungry younger relatives. His investments in real estate, share of family trusts, etc., believed worth $1.2 billion.

Paul G. Allen

Computer software. Mercer Island, Wash. 37. Single. First entered business with fellow Lakeside High School classmate, Bill Gates. Together formed Traf-O-Data, monitored traffic flow. Venture not very profitable: state of Washington provided same info free. Later dropped out of Washington State U. and formed Microsoft with longtime pal Gates. "We used to imagine how people on The Forbes Four Hundred got there." Allen, who, according to Gates, provided much of the early vision for Microsoft, forced to leave business by Hodgkin's disease. Five years later, disease in remission, Allen jumped back into life with a bang: Purchased Portland (basketball) Trail Blazers and formed a new software firm, Asymetrix. New moves paid off handsomely in 1990: Trail Blazers went to NBA finals and Asymetrix' first product, ToolBook, drew raves. Allen, Microsoft's second-biggest stockholder, still hangs out three times a week with largest stockholder, ol' buddy Gates. Makes sense: with Microsoft stock, worth over $1.2 billion.

Matthew McVay/SABA



Paul G. Allen

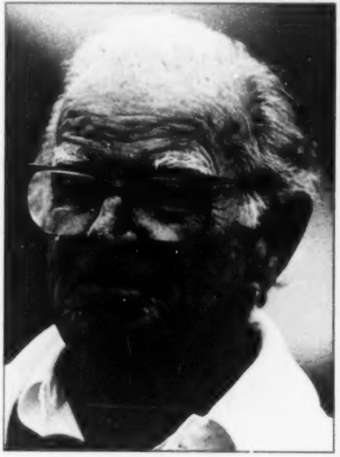
James R. Cargill
Margaret Cargill

Inheritance. Brother and sister. Cargill, Inc. Grandchildren of William W. Cargill, Long Island-born immigrant's son who moved west, set up Cargill Inc. to trade grain 1865; quickly surpassed competition. Eventually world's largest commercial grain trader; now also giant international grain and oil seed processor; also salt mines, steel fabricating. Still private; 1989 sales $44 billion, produced some $300 million net income—books said to be conservative, large sums plowed back for future development. Began offering futures brokerage services 1980s as offshoot of commodities trading *(see MacMillans, Keinath, Pictet).* James: Minneapolis. 66. Married, 3 children. With Cargill since 1947, retired as senior VP this year; remains a director. His Dinnaken Properties now building large housing development near U. of Minnesota; amateur gemologist, owns small jewelry store. Expert trout fisherman. Margaret: La Jolla, Calif. 70. Never married. Extremely private. Together believed to own one-third of Cargill voting stock, worth $2.2 billion.

Jack Kent Cooke

Real estate, investments, sports. Middleburg, Va. 77. Married for fourth time in May; 2 sons by first wife; daughter (he doesn't see) by third (when married he was 72, she 29); third divorce media event. Ontario-born to picture-frame maker ruined in Depression. Jack sold encyclopedias door-to-door; bought into first radio station age 25, then newspaper chain, magazines. Millionaire before 30. Sold all properties; naturalized by act of Congress 1960. Bought Los Angeles (basketball) Lakers 1965; brought in Kareem Abdul-Jabbar, Wilt Chamberlain; built Forum; sold all 1979. Bought NYC's Chrysler Building and other properties for $87 million 1979; refinanced for $250 million 1987. Owns Los Angeles Daily News. Bought cable systems for $1 billion 1987; sold 1989 for $1.6 billion "mostly cash." Probably won't sell 1988 Superbowl champion Washington Redskins: planning $160 million stadium; wants to build in District of Columbia. Trying to figure out what to do with all that cash, total fortune estimated at $1.1 billion.

Focus on Sports



Jack Kent Cooke

Keith Rupert Murdoch

The News Corp. Ltd. Australia, London, NYC, LA. 59. Divorced, remarried; 4 children. Father Sir Keith celebrated editor Melbourne

+$1,000,000,000

Larry Barns/Black Star

Keith Rupert Murdoch

Herald. Rupert trained on London's Fleet Street. Then Oxford 1953. Took over Adelaide News at 23; famous for trademark sensationalist headlines ("Queen Eats a Rat," e.g.). Bought Daily Mirror 1960; developed into first Australian national daily. Diversified into TV, magazines, book publishing. Moved into U.K. starting 1969 (News of the World, Sun, Times, Sunday Times, Today) and U.S. starting 1974 (New York Post, New York magazine, Star, Elle, Boston Herald, TV Guide). Bought Twentieth Century Fox, Metromedia TV stations: building fourth U.S. national network through Fox Broadcasting. Retrenching worldwide. 1988 forced to disgorge New York Post by FCC; "liberal totalitarianism," said Murdoch. Bigger problem: company's $7.5 billion debt. Recently sold Star. European dream project, Sky TV, still swallowing cash. But Rupert's 120 million shares, other investments worth over $1.1 billion.

Steve Woit

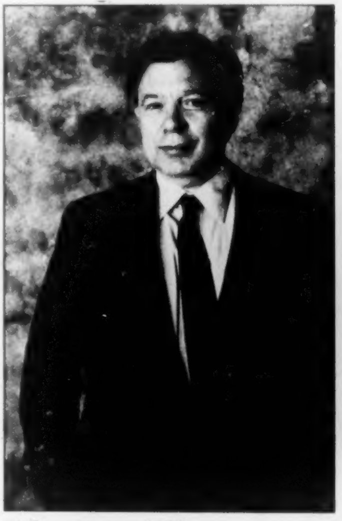
Curtis Leroy Carlson

Curtis Leroy Carlson

Entrepreneur. Long Lake, Minn. 76. Married, 2 daughters. Father Swedish immigrant grocer; Curt worked various jobs: carried 3 paper routes, farmed 2 out to brothers, made small profit on each. U. of Minn. 1937; sold soap for Procter & Gamble, $85/month. With $50 loan started Gold Bond Trading Stamp Co. 1938: "The minute I got out on my own, I knew that I'd found my element." Built one-man conglomerate, 1989 gross revenues $6.2 billion: Radisson hotels (53,000 rooms, many franchised), Country Kitchen restaurants, TGI Friday's restaurants, Carlson Travel Network (formerly Ask Mr. Foster), largest travel agency in North America (1989 billings $3.6 billion), Carlson motivation and promotion divisions (sales $600 million 1989) help firms stimulate customer, employee enthusiasm. Also investments in real estate. Fortune believed to exceed $1.1 billion.

William Bernard Ziff

Publishing. Manalapan, Fla. 60. Divorced, remarried; 3 sons by first marriage. Father WWII aviator, noted lecturer, author, cofounded Ziff-Davis 1927; died 1953 (William was 23). Bought out Davis at 27; expanded into upwardly mobile niches: Car & Driver, Boating, Yachting, etc., ultimately some 50 magazines, 6 TV stations. Liquidation while fighting cancer 1980s: sold stations for about $100 million 1983; 12 trade magazines to Rupert Murdoch *(which see)* for $350 million, 12 consumer magazines to CBS for $362.5 million 1985. CBS filed suit against Ziff-Davis, claiming misleading financial information, inflated sale price; CBS sold out at profit 1987 but still seeks $40 million claim. Ziff still chairman Ziff Communications. Kept, built up computer-related titles, e.g., PC Magazine, PC Week, PC/Computing; has total circulation 2.5 million; prospering. Fortune, including $400 million trust for children, worth at least $1 billion.

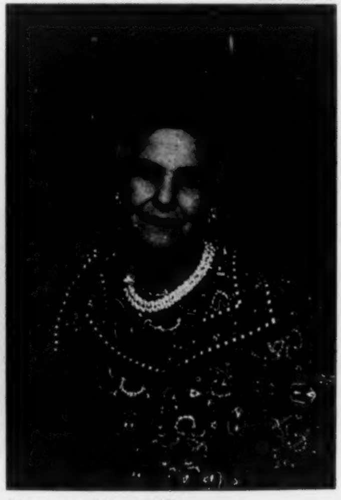


William Bernard Ziff

Margaret Hunt Hill and family

Inheritance, oil. Dallas. 74. Widowed, 3 children. Eldest daughter legendary wildcatter H.L. Hunt *(see Caroline Hunt)*; he taught her oil business when young. Controls trust for first-born son Hassie (reclusive, history of mental illness, childless). Stayed away from famous brothers' silver debacle. Helped them out buying their repossessed land after 1980 silver crash. Reportedly insisted "the boys" use addi-

Andrew Hanson



Margaret Hunt Hill

tional personal assets to secure company; she denies. With sister Caroline, pulled out her, Hassie's share family oil trusts 1983. Now, runs separate oil, real estate operation. Son Al runs Hunt Investments, partnership including Hill Holdings Co., trusts. Al dabbles in filmmaking; not much success. Fortune, including Hassie's trusts, worth around $1 billion.

Edward Lewis Gaylord

Broadcasting, publishing, real estate. Oklahoma City. 71. Married, four children. Toiled in the shadow of father, E.K., who bought into Daily Oklahoman 1903 and became one of state's most powerful individuals. E.L. finally in full charge when father died 1974, age 101. Making own business inroads: $250 million 1983 purchase of Grand Ole Opry, Opryland and now thriving Nashville Network (also owns television show *Hee Haw*; made over $100 million selling Telerate stock; exchanged other half for Dow Jones shares valued at $149 million). Sold 2 television stations at 1987 market peak for $425 million. Oklahoma Publishing Co. has newspaper, share in Texas (baseball) Rangers; 4 TV, 3 radio stations. Conservative, opinionated: "We're against liberal bubbleheads." E.L., like father, not likely to step aside soon. Fortune conservatively estimated at $1 billion.

Edward Lewis Gaylord

Carl Celian Icahn

Finance. Bedford, N.Y. 54. Married, 2 children. Grew up middle class in NYC's Queens; mother taught school, lawyer father (frustrated opera singer) read Schopenhauer to Carl. Princeton scholarship, studied philosophy; award-winning thesis: "An Explication of the Empiricist Criterion of Meaning." Mother pushed medical school; stuck it out 2 years. After Army, finally found Wall St. But had to sell his convertible after 1962 market crash. Went to night school, traded options, published newsletter. Borrowed to buy NYSE seat 1968; success. Bought into firms, forced managers to improve, buy back or spin off. First takeover bid Tappan 1977; $2.7 million profit. Over $100 million profits next 10 years. Bought ACF 1984, took TWA private 1988; both were used to house huge stock holdings: USX, Texaco. TWA suffering labor problems, big losses. Major profit realized on Texaco last year; paper gains on 13% USX but lost proxy fight. With TWA faltering, net worth will require legendary financial wizardry to stay $1 billion. Carl the Philosopher: "If you lose an opportunity, there will always be another one. But if you don't hang on to your cash, you've got real problems."

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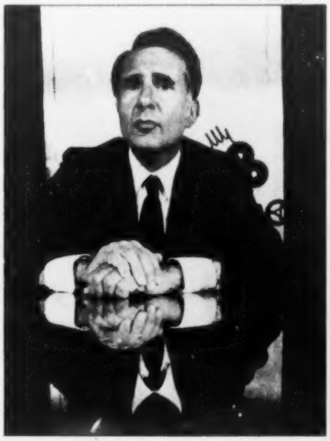
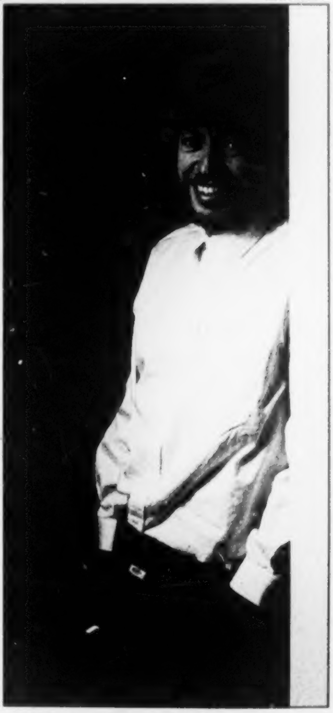


Carl Celian Icahn

Philip Hampson Knight

Nike, Inc. Hillsboro, Ore. 53. Married, 2 sons. U. of Oregon track star, M.B.A. Stanford 1962; wrote marketing paper on potential of Far East athletic shoe production for U.S. market: "Everybody was writing about computers and electronics, but all I really knew about was running." Price Waterhouse CPA; moonlighted importing Japanese track shoes with former college coach. Developed Nike (Greek goddess of victory) running shoes in time for 1972 Olympic trials. Established market niche through "word of foot," advertising targeted "performance driven" market. Competitive edge gained 1970s lost to Reebok *(see Fireman)* 1986-88; now back in the lead with 29% market share (Reebok: 23%). Jock-filled $60 million ad budget knows how to sell shoes (fiscal 1990 sales, $2.2 billion). Diversifying into apparel, dress shoes. Philip still avid runner (tests new models), tennis player. Stock, proceeds from sales worth over $1 billion.

Rich Iwasaki



Philip Hampson Knight

[redacted]

Laurance Spelman Rockefeller

Inheritance, investments. NYC and Tarrytown, N.Y. 80. Married; 3 daughters, 1 son. Grandson John D. Rockefeller. Big returns on early venture capital investments seeded with principal from huge 1934 trust: Eastern Air Lines, McDonnell Douglas, $100 million gain Apple Computer. Also developed remote, exclusive resorts (some resorts and management arm sold 1986 to CSX; little activity since). Supported NYC Westway project with brother David *(which see)*. Gave $36 million to Memorial Sloan-Kettering; recently pledged $21 million to Princeton; donated thousands of acres to national parks, preserves. His, immediate family's portion Rockefeller fortune estimated $975 million.

[redacted]

Edward Perry Bass

Oil, investments. Fort Worth. 45. Single. Second son of Perry Richardson Bass *(see other Basses)*. Yale-trained actor; Coast Guard; Yale architecture school: only non-M.B.A. Bass brother. Taught briefly at Andover, then built adobe structures in New Mexico. Influenced by intellectuals in commune outside Santa Fe, funded worldwide projects including Nepal hotel: "One thing my travels have given me is an understanding of culture and an appreciation of culture." Spending $30 million on experimental enclosed ecosystem Arizona: Biosphere II. Spends half year at 500,000-acre Australian cattle station. Giving $20 million to establish Institute of Biospheric Studies at Yale, planning risky $25 million downtown Fort Worth housing development: "A city full of parking lots is like an old mouth with missing teeth. It can't chew very well for all the missing spaces." Despite nonprofit ecological orientation, net worth believed over $975 million.

[redacted]

Michel Fribourg

Grain trader. NYC. 77. Widowed, remarried; 5 children. Michel's great-great-grandfather started trading grain Belgium 1813; son prospered trading gold for wheat during 1848 famine. Family started Continental Grain Co., Chicago 1921. Michel fled to U.S. 1940, served in army intelligence in France; took over on father's death 1944. Diversified into other agribusiness areas (e.g., animal feed, specialty baking, flour milling), financial services; now merchant banking. Approaching $15 billion revenues, mostly low-margin grain trading. Made specialty of selling to Soviets for almost 30 years. Still chairman, son Paul executive vice president. Worth estimated $960 million.

[redacted]

Harry Weinberg

Real estate. Honolulu, Baltimore. 82. Widowed, 1 son. Austrian immigrant age 4; 6th-grade dropout, bought dilapidated Baltimore properties with brother, renovated, sold 1930s. Sunk profits into public bus companies (NYC, Dallas) 1950s-60s. Bought Hawaiian transit company; liked climate. "Honolulu Harry" became one of largest individual landowners on island. Combative, aggressive, litigious, took control Dillingham, Amfac, others 1960s. Failed Alexander & Baldwin proxy fight 1985; sold off for estimated $200 million 1989 (kept 1,000 shares). Currently fighting for life with bone cancer. Estimated net worth $950 million, after $350 million in donations to Harry and Jeanette Weinberg Foundation.

[redacted]

Edward Crosby Johnson III

Fidelity funds. Boston. 60. Married, 3 children. Lawyer father Edward II (d. 1985) took over ailing Fidelity Management 1946, built into major mutual fund company. Son "Ned" CEO 1972. Company managed $3 billion 1974, struggled in market drop. Then rebounded as Johnson pushed money market funds; first to offer withdrawal by check. Ned master marketer of funds; master creator specialized funds for every investor strategy; heavy computerizer 1970s. Expanded services in face of 1987 crash. Lost legendary manager, Peter Lynch, of $12 billion Magellan Fund (largest stock fund in U.S.) this spring. Still, with $117 billion under management, his 47%, etc., worth estimated $950 million.

[redacted]

Winthrop Paul Rockefeller

Inheritance. Winrock Farm, Ark. 42. Divorced, remarried; 3 children by first wife; 2 by second. Great-grandson of John D. Rockefeller, only child of "black sheep" Winthrop (d. 1973), of third generation Rockefellers, leveled mountaintop for Winrock Farm; twice GOP governor. Win Paul offspring of brief marriage with Barbara (Bobo) Sears; European schooling; suspended from Oxford after first year. Runs Winrock, one of largest private cattle operations in Southeast; also president, chairman of the Billfish Foundation. Set up Law Enforcement Assistance Foundation, cruises with local sheriffs on duty; very philanthropic. Net worth estimated $950 million or more. *(See other Rockefellers, family.)*

[redacted]

Joan Beverly Kroc

Inheritance. Rancho Santa Fe, Calif. 62. Divorced, widowed; daughter by first marriage. Third wife of Raymond Kroc (d. 1984), high school dropout who peddled milkshake machines, paper cups, went to McDonald brothers' San Bernadino burger joint 1954 to see why it needed 8 milkshake machines. Found business booming, bought in. Bought out brothers 1961 to build hamburger empire. Joan first married age 17. Worked as musician (organ), music teacher St. Paul, Minn.; music director KSTP-TV (Minneapolis). When 28 met Ray, then 54, in Minnesota restaurant, 1956; walked down aisle 13 years later. After Ray's death, active philanthropy: founded hospice, homeless shelter, tiger habitat; major donor Notre Dame, Democratic Party. Art collector: owns Fabergé egg. Former owner San Diego (baseball) Padres, sold team (which Ray paid $11 million for in 1974) this year for $75 million. "I find just ordinary living gives me enough highs and lows." With Golden Arches stock, worth over $920 million.

[redacted]

Donald Worthington Reynolds

Publishing. Las Vegas. 84. Thrice divorced, 3 children. Son of door-to-door grocery peddler. "We never missed any meals, but that was about it." Worked through U. of Missouri journalism school. Fired from first two jobs, but saved enough to invest in printing plant. Then WWII; shrapnel hit in forehead: "It got rid of my sinus trouble." Helped publish wartime magazine Yank. After, built highly profitable Donrey Media Group to 55 dailies, 62 nondailies, TV station, 5 cable companies, billboards. Hates unions, cost-cutting fanatic. Children uninterested; foundation to inherit estimated $915-million-plus empire when Reynolds heads to "that big newsroom in the sky."

Roger Milliken

Gerrish Milliken

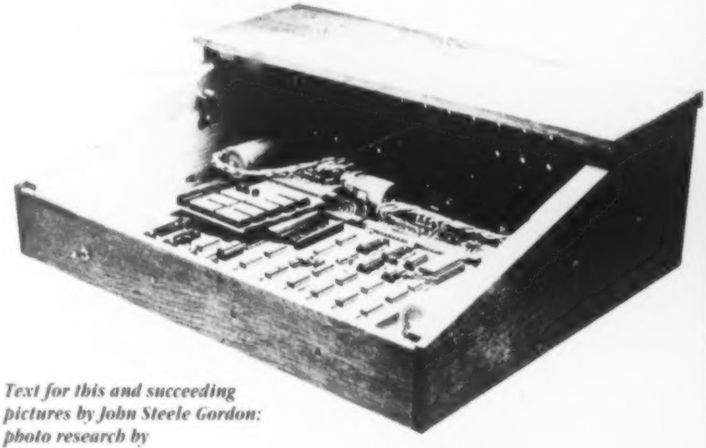
★

Anne Franchetti

Minot Milliken and families

Siblings and cousin. Textiles, investments. Heirs of Seth Milliken, cofounder dry goods jobber Deering, Milliken & Co. 1865 with William Deering (latter left to start firm that became International Harvester). Milliken built company debt-free, liquid. Bought less liquid supplier mills in Depression bankruptcies. Grandson Roger: Spartanburg, S.C. 74. Married, 5 children. Now heads Milliken Mills, largest privately owned U.S. textile firm; sales estimated $2.5 billion; 8% margins. Gerrish: Greenwich, Conn. 73. Married; 4 sons, 2 daughters. Started in cotton mill in Union, S.C. after Army. Retired 1986 but has N.Y. office. Director of Milliken & Co. and Mercantile Stores Co., both controlled by family. Cousin Minot: NYC. 74. Married; 4 sons, 1 daughter. VP, director Milliken & Co.; on board Mercantile Stores. Anne: 70-ish. Very private. Lives in Sardinia, Italy with family. Carries gun against possible terrorists. Heirs of other Milliken sibling, the late Joan Stroud, ignited ire of Roger by selling some 500 shares Milliken & Co. to competitor Delta Woodside Industries 1989; sought to force company financial information out of secretive Roger. Small portion of company's stock belongs to heirs of late Francis Kingsley, one of Roger's best friends. Estimated fortunes, with families: Roger, $900 million; Gerrish, $440 million; Minot, $810 million, Anne, $425 million; Strouds, $425 million. Or more.

Stephen Wozniak and Steven Jobs with the first Apple computer, 1976. Nowadays we wouldn't call it a computer at all, but rather a "mother board," roughly analogous to the engine of an automobile. Regardless, it sold like hotcakes to electronics hobbyists, even with an initial price of $666.66. Today, only 14 years later, that same sum (about $1,500 in 1990 dollars) would buy you a mother board—and the rest of a computer along with it—that is hundreds of times more powerful.



Text for this and succeeding pictures by John Steele Gordon; photo research by Ellen Horan

Milton Jack Petrie

Petrie Stores. NYC and Southampton, N.Y. 88. Twice divorced, widowed, remarried; 1 son, 2 daughters. Son of Russian immigrant pawnbroker. Indiana junior tennis champion 1917. Opened Cleveland hosiery store with $5,000 (half won playing craps). Went bankrupt 1937 but repaid creditors in full by

1939. Expanded chain of moderately priced women's clothing through acquisition to 1,600 stores today with sales approaching $1.3 billion: "We cater to the masses." Demanding employer: Grandson Matthew Miller resigned 1988 after 2 years. Self-described "sales manager"; obsessed with details. Reputation for spontaneous charitable contributions: known philanthropy over $125 million—established trusts for families of slain policemen, slashed model, etc. "I try to pay the good Lord back for what he's done for me." Avid bridge player: partners include Laurence Tisch and Alfred Taubman *(which see).* His 60% stake, other investments, worth at least $890 million.

William Randolph Hearst Jr.

Randolph Apperson Hearst

George Randolph Hearst Jr.

Phoebe Hearst Cooke

Millicent V. Baoudjakdji

David Whitmire Hearst Jr.

and families

Inheritance. Children and grandchildren William Randolph Hearst, whose father, George Hearst (prospector, land baron, U.S. Senator), "won" failing San Francisco Examiner in payment for gambling debt 1880. Only child, Harvard-expelled "Billie Buster" assumed control 1887. Built nation's largest newspaper chain, became country's most controversial media tycoon, outsensationalized former employer Pulitzer *(see families)* in great NYC newspaper wars. Played shady role in provoking Spanish-American War to boost circulation: "You furnish the pictures, and I'll furnish the war." Model for Citizen Kane; built $30 million temple of excess, San Simeon, now owned by state of Calif. Died 1951; company owned by descendants but dominated by executives. Hearst Corp. now estimated $2 billion sales; 12 dailies, 14 consumer magazines (Cosmopolitan, Esquire, Harper's Bazaar, etc.), 15 trade magazines (Official Used Car Guide, etc.), 6 TV stations, 7 radio, books, real estate, timberland, etc. "The more diverse we are, the better off we are going to be. We are not through growing." No buyer found for ailing Los Angeles Herald Examiner; closed Nov. 1989. Family five branches: 1) Surviving son William Jr.: NYC. 82. Twice divorced, remarried; 2 children. Editor-in-chief Hearst Newspapers since 1955; Pulitzer-winning columnist 1956. Heads family trust. Son WRH III, Examiner's publisher. 2) Surviving son Randolph: NYC. 74. Twice divorced, remarried; 5 daughters (including Patty) by first wife. Hearst Corp. chairman. 3) Children George Randolph Sr. (d. 1972): George Jr: Los Angeles. 63. Widowed, divorced, remarried; 4 children. Ran Herald Examiner 1962-77, supervises real estate. Twin sister Phoebe: San Francisco. 63. Divorced, remarried; 1 daughter. Played major role with current husband in family trust's buyback of Hearst Corp. from Hearst Foundation 1974. 4) Children of David Whitmire Sr. (d. 1986): Son David Jr.: Los Angeles. 45. Single. His sister Millicent: Los Angeles. 50. Married, 3 children. 5) Children of son John Hearst (d. 1958). John Jr., 56, only one active as company director. Each branch one fifth Hearst Corp.; total now estimated at least $4.3 billion.

George Soros

Money manager. NYC, Southampton, N.Y. 60. Divorced, remarried; 5 children. Hungarian born, hid in attics with family to avoid Nazis. Paris after war, then London School of Economics; Wall St. 1956 as analyst, currency trader. Started Curaçao-based fund, now Quantum Fund 1969, with colleague Jim Rogers (they split up), for non-U.S. investors only. Compound annual rate of return 32.9% over 20 years; constantly globe-trotting to reconnoiter. Funded Budapest business school, first in East Bloc. Set up Hungary Fund 1989. Foundations provided money to individuals battling communist governments. Class B shares in Quantum, dividends, management fees top $840 million.

Ewing Marion Kauffman

Pharmaceuticals. Mission Hills, Kans. 74. Married, 3 children. Founded Marion Labs with $5,000 1950. Sales 1989, $930 million. Merged with Dow Chemicals Dec. 1989. "We needed more research investment . . . to be global." As Marion Merrell, will spend $350 million on R&D this year, up from $133 million 1989. 50% owner K.C. (baseball) Royals, effectively controls team. Philanthropist: from merger proceeds gave $300 million to Kauffman Foundation. Pledged half of remaining estate as well. Foundation's drug prevention program lauded by Health & Human Services Secretary Sullivan. Kauffman: "FORBES ought to do articles on [my programs]." With remaining stock, worth over $835 million.

Marc Rich

Pincus Green

Trading partners. Zug, Switzerland. Both 56, married. Rich: 3 daughters. Green: 2 sons, 2 daughters. Rich: Belgian-born; family fled Europe to U.S. 1941. Quit NYU for Phillip Brothers mailroom. Rose through ranks with Brooklyn-born "Pinky," became star trader; helped build Phibro (now part of Salomon Inc.) into then world's largest commodities firm. Pioneered spot oil market 1968. Phibro reneged on million-dollar bonus; Rich walked, launched Marc Rich & Co. with former Phibro execs 1973. Traded Iranian crude during hostage crisis; defied Carter-imposed price controls on oil, shipped profits to Switzerland. Pair fled tax evasion charges, to Switzerland 1983. Paid $200 million fines to U.S. government so U.S. arm Clarendon could resume business 1984; both men still on wanted list. Zug-based company now world's second-largest commodity trader after Cargill *(which see);* built controlling position in aluminum market at bot-

Dan Weiner, courtesy Sandra Weiner

Jeno Paulucci in his Chun King Co. kitchen in Minneapolis, 1952. Paulucci combined the rapidly growing market for convenience food with the rising interest in ethnic food. First he tried Chinese, then Italian (Jeno's Pizza). He made a fortune in each.

tom of market mid-1980s; now among world's biggest traders of metals and minerals, producers of aluminum. Despite fugitive status, enjoyed grain subsidies from U.S. to last year. Now accused of conspiring to control copper output from largest mine in Mexico. Rich, "business machine," intense, luxuriates in defiant exile; his noxious Cuban cigars reportedly now irritate newly health-conscious, genial Green (recently underwent heart bypass). Pair may each be worth $800 million or more.

Marvin Maynard Schwan

Ice cream, pizza. Sioux Falls, S.D. 61. Divorced, remarried; 4 children. Father Paul German immigrant to Minnesota 1921; built dairy plant 1948. Son Marvin put self through Bethany Lutheran College, worked summers at local ice cream factory; joined family milk bottling plant 1950. Local price cap forced business out on road. Found isolated rural families eager buyers from Schwan trucks equipped like traveling 7-Elevens. Now Schwan's Sales Enterprises' sales near $1 billion. Computerized 2,300 trucks, 49 states: dairy, frozen pizza, food service, juices, more. Building pizza business, some for supermarkets. Private, known as tough competitor. Worth estimated at least $800 million.

O. Wayne Rollins

Rollins, Inc. Atlanta. 78. Married; 2 sons, both in business. Farm boy, worked 72-hour week for $10 in Depression textile mill. After WWII, interest in radio stations piqued while bedridden; started first station 1948. Using novel LBO financing, purchased Orkin Exterminating 1964. "What we did was buy a company we thought we could pay for out of earnings; now they buy them with debt and hope to spin off parts." Expanded media holdings; added oil and gas service, security systems, lawn care. Sold Rollins Communications 1986; his share $290 million. Farms, hunts quail. Holdings worth over $800 million. "Money makes a good servant but a poor master."

Carl Henry Lindner II

Insurance, banking. Cincinnati. 71. Married, 3 sons in business. Left high school to deliver milk for Depression-hit family dairy; opened ice cream store 1940, built to 220-store United Dairy Farmers chain. Formed American Financial Corp. with three small S&Ls 1959; added casualty insurance 1971. Had Midas touch with investments; AFC's portfolio made more than 60 times its 1961 investment until taken private 1980 for $340 million. Now, some problems, highly leveraged—$12 billion assets, equity base $450 million. Last big deal 1987 purchase of Taft Broadcasting to build Great American Communications. Worth an estimated $800 million.

Paul Mellon

Inheritance. Upperville, Va. 83. Widowed, remarried; 2 children by first wife. Grandfather Thomas started Mellon Bank forerunners. Father Andrew: U.S. Treasury Secretary, founder National Gallery; with brother Richard B., venture capitalists in Gulf Oil, Alcoa, Koppers, etc. Died 1937. Paul floated into and out of family businesses. Fifty years of fox hunting on 4,000-acre estate, collecting art on grand scale. Famous for impressionists, English painters. Donated some $250 million artworks to Yale, National Gallery, Virginia Museum of Fine Arts. They will also get remaining art, which alone may be worth $700 million or more; some say $1 billion. Paul putting estate in order.

Neil Gary Bluhm

Judd David Malkin

Partners. Real estate. Winnetka, Chicago, Ill.; both 52; married; 3 children each. Boyhood friends from blue-collar section Chicago's North Side; college roommates U. of Illinois. Both CPAS; Toyota distributor Malkin drew successful lawyer Bluhm into real estate syndication 1968. Judd: "I had to twist his arm to leave." JMB Realty Corp., careful user of leverage, built up to control over $24 billion real estate assets 1990; many projects for own account. Neil: "We do lots of things besides syndication." Syndication enough: bought Disney's Arvida Corp. for $400 million 1987; Canada's Cadillac Fairview for $2 billion 1987; Amfac (one of the largest Hawaiian landholders) 1988. Recently bought Houston Center for $400 million. European foray: bought London's Randsworth Trust for $416 million 1989. Pair's 66% stake JMB, given fuller listing of assets, suggests net worth well over $775 million each despite weak real estate market.

James Martin Moran

Toyotas. Hillsboro Beach, Fla. 72. Widowed, remarried; 3 children, all in business. Pumped gas full time for 25 cents an hour, age 14. Saved pennies, bought own gas station, then used-car dealership, then Hudson franchise. Switched to Ford. Discovered TV advertising early. Became own spokesman—"the Courtesy Man," local Chicago celebrity outdrawing Ed Sullivan. Cancer diagnosis 1966; retired to Florida. Remission. Acquired state's Toyota distributorship 1968. Built aggressively to world's largest independent: pushes over 150,000 cars a year to dealers throughout Southeast; Courtesy Man currently facing several dealer-inspired lawsuits for fraud, etc. Worth estimated over $760 million.

John D. Hollingsworth

Textile machinery, real estate. Greenville, S.C. 72. Divorced, 1 daughter. From 1942, John and wife Ella (d. 1984) promised service truck within 48 hours of textile mill call, built up John D. Hollingsworth on Wheels. Raised mill productivity tenfold with better yarn-making wire, carding machines; ruthlessly protected virtual monopoly on wire—now down to estimated 70% share. Invested profits in land; over $250 million worth near Greenville. Added related machinery from mid-1970s. Severe family, IRS problems 1960s; extremely secretive. Once diagnosed paranoid schizophrenic. Has never seen 5 of 6 grandchildren. Estimated net worth at least $760 million.

Donald Joyce Hall

[redacted]

Barbara Hall Marshall

Elizabeth Ann Reid

Brother and sisters. Hallmark Cards. Kansas City, Mo. Children of Joyce Hall (d. 1982), midwestern preacher's son; sold illustrated postcards to dealers 1910, greeting cards for holidays 1912. Founded new industry: prepackaged sentiment for special occasions became social necessity. Avoided WWII rationing by convincing government greeting cards important for country's morale. Today creative staff of over 700 drives company with $2.5 billion 1989 sales. Diversified into TV, Crayola crayons, real estate development. Generous employee stock plan; family controls two-thirds stock. Barbara: Kansas City. 67. Widowed, 2 children. Often judges card designs. Owns one-sixth Hallmark worth $375 million. Donald: Mission Hills, Kans. 62. Married, 3 children. Chairman, gave up CEO 1986. His third Hallmark worth $755 million. Elizabeth: Denton, Tex. 68. Divorced, 5 children. Her stock worth $375 million.

Doris Duke

Inheritance. Somerville, N.J.; Newport, R.I.; Honolulu et al. 77. Twice divorced, 1 adopted child. Only child of James (Buck) Duke, who formed American Tobacco Co.; Duke Power Co. Died 1925; Doris, then 12, "richest girl in the world." Dogged by reporters through unsuccessful marriages. Built $30 million Honolulu estate ("Shangri-la"); pig farm on N.J. estate ("the patrician piggery"); one of world's largest private art collections. Plays jazz piano, works for historical preservation. Posted $5 million bail for friend Imelda Marcos 1988. Adopted Chandi Heffner, 37, conservationist friend; to date Heffner not designated heir of estimated $750 million fortune.

Jack Rudin

Lewis Rudin

Brothers. Real estate. NYC. Jack: 66. Widowed, 3 children. Lew: 63. Twice divorced, 2 children. Father and uncles founded Rudin Management 1924 to manage Bronx, Manhattan tenements. Sons joined firm 1946. Family philosophy: never sell (still own family's first building, bought 1902). Today 3,300 apartments, about 8 million sq. ft. prime Manhattan office space, most built pre-1972. Little debt, very profitable. Brothers big NYC boosters, led tax prepayment drive to keep city afloat late 1970s: "We had to do something. We couldn't very well pick up our buildings and move them across the George Washington Bridge." Lew founded Association for a Better New York; Jack heads NYC Marathon committee. Brothers control fortune estimated over $1.5 billion.

Betsy Cushing Roosevelt Whitney

Inheritance. Manhasset, N.Y. 82. Divorced, widowed; 2 children by first husband (James Roosevelt, eldest son of Franklin Delano Roosevelt). Daughter of famed brain surgeon Harvey Cushing; frequent FDR White House hostess 1930s, favorite daughter-in-law. Divorced 1940; married John Hay (Jock) Whitney 1942, heir to huge 19th-century fortune (oil, tobacco, land, rails). D. 1982. Stunning impressionist collection first shown publicly in National Gallery: famous "key pictures" included Renoir's "Au Moulin de la Galette," sold for $78 million; Degas, van Gogh, Monet, Toulouse-Lautrec, etc. Philanthropist, lives on 500-acre Long Island, N.Y. estate. Worth at least $750 million.

John T. Dorrance, III

Bennett Dorrance

Mary Alice Dorrance Malone

Inheritance, Campbell Soup. Brothers, sister. Grandchildren of John T. Dorrance Sr., inspired chemist (turned down professorship for $7.50 a week at uncle's Campbell Preserve Co. 1897) who put soup in cans. Became president Campbell Soup 1914. Also inspired marketer: "We were the original advertiser in many ways." Left $128 million estate to wife, 5 children 1930. Son, John T. Jr. (d. 1989) controlled over 50% Campbell. Signed on as hourly factory hand 1946; chairman 1962. Expanded line, adding fresh, frozen foods, poultry, more. John T. III (Ipy): Devil's Tower, Wyo. 46. Married, 2 children. Campbell director, but personally manages his 17,000-acre Ipy Cattle Ranch. All 3 siblings moved to block dissident family members who proposed selling company. Bennett: Paradise Valley, Ariz. 44. Married, 2 children. Director. Runs DMB Associates (investments, suburban office buildings) in Phoenix. Mary Alice (Mrs. Stuart Malone): Coatesville, Pa. 40. Married; 2 children, 2 stepchildren. Runs horse-breeding operation at Iron Spring Farm. Three siblings share $2.2 billion Campbell stock, other assets.

W. Duncan MacMillan

John Hugh MacMillan III

Marion MacMillan Pictet

Inheritance. Brothers, sister. Children of John MacMillan Jr., who ran Cargill Inc. from 1936 until his death in 1960. John Jr. had succeeded father, John Sr., at helm of family grain trading outfit. John Sr. assumed control in 1909, after death of his father-in-law and company founder, William W. Cargill; victory in power struggle with William's son. Duncan: Wayzata, Minn. 60. Married, 4 children. Cargill director, vice chairman Waycrosse, Inc., family's private investment firm. Bought small National City Bank of Ridgedale. Hugh: Hillsboro Beach, Fla. 62. Divorced twice, remarried; 9 children. Spends time tending to boat named *Patricia* for current wife. Marion: Geneva, Switzerland. 57. Twice divorced. One daughter, another child deceased. Mostly stays abroad, enjoying the fruits of the one-third of Cargill shared by the 3 siblings, worth $2.2 billion. *(See Cargills, Keinath, other MacMillans.)*

Whitney MacMillan

Cargill MacMillan

Pauline MacMillan Keinath

Inheritance. Siblings. Grandchildren of John MacMillan Sr., president of Cargill Inc. first third of this century. Cargill: Palm Springs. 63. Divorced, remarried; 4 children. Senior Vice President Cargill from 1973 to retirement in 1988, when divorced. With new wife, abandoned Minneapolis for life of golf, art collecting, world travel, sumptuous Palm Springs home decorated contemporarily and filled with modern art. Whitney: Minneapolis. 61. Married, 2 children. Sold vegetable oil for Cargill after graduation from Yale in 1951; after first nonfamily members led firm from 1960-

Johnson & Johnson workers with rolls of gauze destined for use in World War I, 1917. The company was founded in 1886, just as the antiseptic revolution was sweeping medicine. Demand for the prepackaged sterile bandages made the company—and the Johnson family. But far better was 1921. That is when the company entered the retail market with the Band-Aid.

77, became chairman 1977. Continued drive beyond grain trading into chemical coatings, animal feeds, cooking oils, etc. Cochairman of Institute for East-West Security Studies. Pauline: St. Louis. 56. Married, children. Works with handicapped children. Not active in company. Three share one-third of Cargill worth estimated $2.2 billion.

James Howard Marshall II

Oil. Houston. 85. Married, divorced; 2 sons. Native of Germantown, Pa. Yale Law School 1931 (magna cum laude, assistant dean at 28). Worked on WWII govt. petroleum boards; later, high-level posts with Ashland Oil, Standard Oil. Wrote law against "hot oil" (oil produced above levels set by Texas Railroad Commission). Best move: invested in Great Northern Oil Co. with friend Fred Koch, father of present Kochs *(which see)*; eventually swapped stock for interest in Koch Industries. Now owns about 16%. Vehemently denies wealth, but with Koch Industries revenues now over $16 billion, his share believed worth more than $725 million.

Joseph Albert Albertson

Albertson's Inc. Boise, Idaho. 84. Married, 1 daughter. Dropped out of college during Depression, took $26-a-week job at Safeway. Started first grocery store with $5,000 of own and $7,500 borrowed from the father of future partner, L.S. Skaggs. Told Skaggs of vision that "one day there would be drugstores and supermarkets under same roof." Fulfilled prophecy, pair started drugstores-supermarkets 1970. Company now 17-state empire of 523 stores, $7.4 billion in sales last year. No longer runs company but still comes into work every day. Refused to cooperate with company biographer: "No one's going to do a damned glorified obituary on me." Shares worth $725 million.

William Morse Davidson

Guardian Industries Corp. Bloomfield Hills, Mich. 67. Thrice divorced, 2 children. Briefly lawyer, found talent rescuing small businesses. Resuscitated uncle's failing windshield business, took over, brought public 1968, private in $500 million LBO 1985. Now number four U.S. glassmaker: 15% flat glass market, 8% automotive; estimated $950 million sales. Appealing 1989 patent-infringement suit; company owes $38 million in interest, royalty and technology payments. Joint venture Thailand for $117 million glass factory. Owns 57% Detroit (basketball) Pistons; 80% Detroit-area sports complex, the Palace of Auburn Hills. Net worth estimated $725 million.

Samuel Curtis Johnson

S.C. Johnson & Son. Racine, Wisc. 62. Married, 4 children. Great-grandfather, wood-parquet-flooring salesman, founded famous floor-wax firm 1886. Sam, fourth generation, new products director 1955; encouraged non-Johnson's Wax items (Raid, Glade, Edge, Agree), now among company's most profitable lines. Motto for success of private firm: secrecy. But took Johnson Worldwide Association public 1987 (recreational accessories) to give heirs liquidity. Three with firm: Curt, 35, runs business development; Helen, 33, U.S. marketing services; Fisk, 32, Canada general manager. Sam controls 60% $2-billion-plus (sales) wax company, etc., worth over $720 million.

Barbara Piasecka Johnson

Inheritance. Princeton, N.J. 53. Widowed, no children. Third wife John Seward Johnson (d. 1983), heir to Johnson & Johnson fortune. Art history M.A., Wroclaw U.; to U.S. 1968. Became upstairs chambermaid, then "personal" curator, scuba diving partner. Married 1971, 8 days after his divorce: Johnson 76, Barbara, 34. Couple built $30 million country estate, vast collection Old Masters. Soap opera legal battle over will. Much publicized patriotic offer to invest in famous Gdansk shipyards 1989; ungrateful Poles balked at $1.00/hour, 2,000 layoffs. Bought famous "Badminton Cabinet" 1990 instead; $15 million for piece of furniture. "Basia's" fortune now estimated over $715 million.

Wallace Henry Coulter

Blood. Miami Springs, Fla. 78. Single. Georgia Tech electrical engineering dropout 1932. Series of technical, service jobs; experimented in Chicago basement. Developed "Coulter Principle" 1949: time-saving electronic method of counting microscopic particles. With government grant, produced Coulter Counter, blood cell counting machine, 1953. Founded Coulter Electronics 1958 with brother, Joe, still president. Estimated 95% of automatic blood counts worldwide are done on Coulter instruments or clones. Wallace chairman. Recipient John Scott Award 1960 (past winners: Marie Curie, Jonas Salk), adjunct professor U. of Miami medical school. Worth estimated $710 million.

Morton K. Blaustein

[redacted]

Louis Thalheimer

Ruth Blaustein Rosenberg

and families

Inheritance. Baltimore. Heirs of Lithuanian immigrant Louis Blaustein (1869-1937), who invented predecessor of modern tank car; only son Jacob (d. 1970) pioneered metered gas pump, drive-in stations, antiknock gasoline. Family company, American Oil, merged into Standard Oil of Indiana for 5.25 million shares (now estimated 16.7 million shares). Part-time diplomat: convinced U.N. conferees to accept human rights provisions 1945. Jacob's son Morton: 63. Twice divorced, remarried; 2 daughters. Geologist, chairman family's American Trading & Production Corp. (oil & gas, real estate, tankers, manufacturing, investment). Atapco tanker suffered oil spill in California spring 1990. Active American Jewish Committee, public appearances kept at minimum. His majority Atapco worth at least $700 million. Jacob's sister Ruth: 91. Widowed, 3 children. Peabody Conservatory of Music $3 million pledge 1990 on her behalf. Her net worth estimated $350 mil-

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lion. Only son Henry Jr.: 60. Married, 3 children. CEO family-controlled Crown Central Petroleum, votes most shares. Considered astute businessman, active in civic affairs; trustee Johns Hopkins Hospital. Louis (grandson of Jacob's deceased second sister): 46. Married, 3 children. Sports lover; president of Atapco. Controls interest worth estimated $350 million.

Robert H. Dedman

Country clubs. 64. Dallas. Married; 1 son, 1 daughter. Poor boy from Rison, Ark., affirms he earned three degrees (engineering, economics, law) in four years, while also selling insurance and real estate, and serving as commissioned Navy officer. Firm believer in time management. Was attorney for H.L. Hunt, Bum Bright. Opened Brookhaven Country Club, Dallas, 1957 as sideline, got hooked. Added more clubs, built homes around golf courses; moved into city clubs 1965. Now ClubCorp. International, over 250 clubs, resorts worldwide, 450,000 members. Venturing into banking, golf courses. Gave $25 million to SMU 1981. With 90% worth over $700 million.

William Michael Cafaro

Shopping malls. Hubbard, Ohio. 77. Married, 3 children. Immigrants' son, built first strip center 1954 with brother John (d. 1987). Validated, with other developers, suburban sprawl by constantly building shopping centers, later enclosed malls across country: "Every time we open a mall, I get the same thrill." Currently 6th-largest mall manager in nation, concentrates on middle market; rarely sells properties, uses little debt. Two sons in business: conservative Tony says Dad doesn't belong on Four Hundred; flashy J.J. thinks position should be higher. Bill, with family trusts, now worth at least $700 million. "I don't think the money accumulated in life is as important as what you leave behind."

Michael Robert Milken

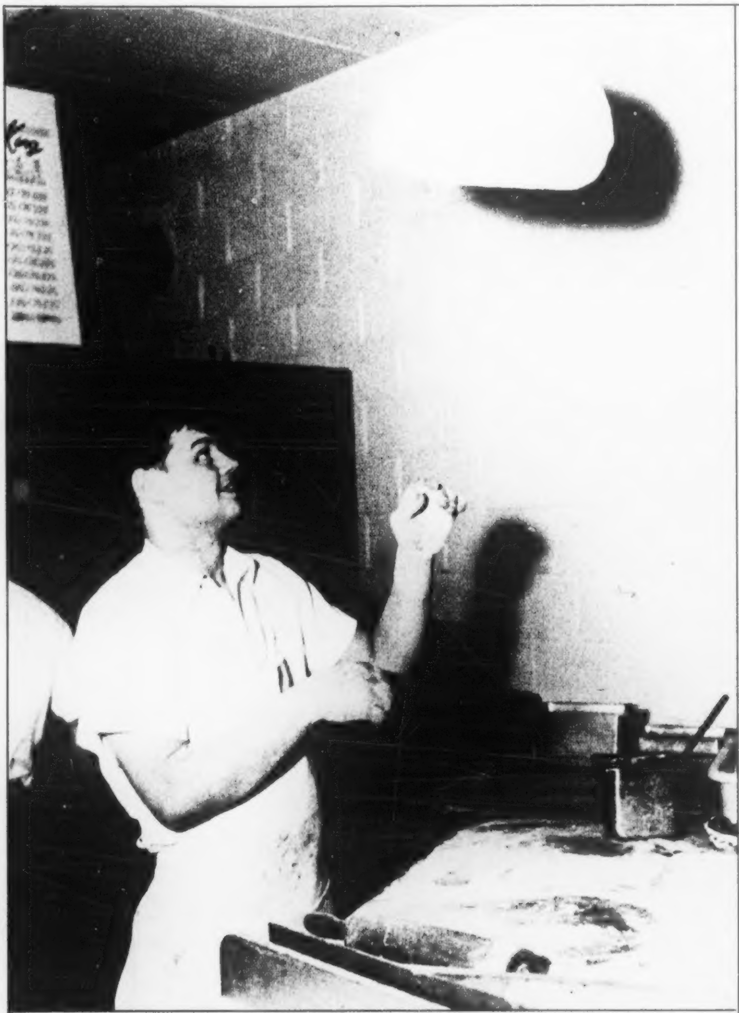
Junk bonds. Encino, Calif. 44. Married, 3 children. CPA's son; Berkeley, Wharton M.B.A. program. Joined Drexel 1969; conceived market for high-risk, high-yield "junk" bonds, built $200 billion industry. Bankrolled LBOs for Perelman, Posner, Lindner, Peltz *(see all)* et al. Received $550 million salary 1987 alone. Fingered by convicted felon Ivan Boesky. Pleaded guilty to 6 felony counts (conspiracy, fraud, etc.) April. Permanently barred from securities industry; $600 million fines, sentencing set for Oct. date; lost $250 million from Drexel bankruptcy, falling junk bonds, legal fees. Even so, believed still to have $700 million left.

George Phydias Mitchell

Oil, real estate. Houston. 71. Married, 10 children. Galveston, Tex. native (B.O.I.—Born On Island). Sold stationery to pay for petroleum engineering, geology studies, Texas A&M. After WWII, stint at Amoco, became oil and gas consultant. Took equity in wells in lieu of some payments; became oilman. Mitchell Energy & Development grew into one of larger independents in country (reserves: over 555 million mcf gas, 15 million bbl. oil). Hedged company's bets with real estate until major developer Houston area. Mitchell and wife lead Galveston restoration movement, spent over $60 million buying, revitalizing in historic Strand district. Worth over $700 million.

Carl Ray Pohlad

Banking, investments. Minneapolis. 75. Married, 3 sons. Grew up West Des Moines, Iowa. Collected loans, part-time boxer. Decorated WWII. Took control Minneapolis bank holding company 1955 after death of brother-in-law CEO. Assembled string of banks across northern Midwest (assets now over $4 billion). Also ailing mass transit company, MEI, early 1970s; remade into healthy Pepsi bottler, candy and snack food maker. Sold bottling for $160 million profit 1985, food for $58 million early this year: MEI now roughly half cash. Also, profitable partnership with Irwin Jacobs. General partner Minn. Twins, part-owner Vikings. Net worth estimated over $680 million.



Thomas Monaghan making pizza in one of his first Domino's stores, in Ypsilanti, Mich., 1962. There are now more than 5,000 Domino's Pizza establishments all over the world. Obviously, you don't have to be Italian to market pizza successfully.

Andrew Jerrold Perenchio

TV, films. Bel Air, Calif. 59. Twice divorced, 3 children. Son of Fresno vintner; catered parties to pay for UCLA. Started talent agency, won clients like Liz Taylor, Brando. Then sports: Ali-Frazier fight, Billie Jean King-Bobby Riggs match. Joined Norman Lear 1974: *All in the Family, The Jeffersons,* etc. Sold 1985 to Coca-Cola for $485 million. Bought Loews theaters for $160 million 1985; sold for reported $300 million 1986. With Charles Dolan *(which see),* tried to bid for Warner Bros. 1989. Co-owns film production company with Richard and Lili Zanuck *(Driving Miss Daisy).* Owns $12.6 million *Beverly Hillbillies* "residence." Worth estimated $665 million.

William Redington Hewlett

Hewlett-Packard. Portola Valley, Calif. 77. Widowed, remarried 1978; 5 children, 5 stepchildren. Founded Silicon Valley giant with Stanford pal David Packard *(which see)* in Palo Alto garage 1939. Provided technical savvy; H-P's first breakthrough product, audio oscillator, based on his design as MIT grad student. "Did anything to bring in a nickel": urinal flusher, bowling alley foul-line indicator. Electronics worked better. By 1972, e.g., "I told the guys to design a calculator to fit in my shirt pocket." Instituted renowned H-P ethos of "management by wandering around." Retired 1987. Active philanthropist, over $685 million in Hewlett Foundation, $50 million to Stanford. Enjoys outdoors; part-time botanist, skier, mountain climber. Owns cattle ranches with old buddy Packard. Unsentimental about company's beginnings: on Hewlett-Packard's 50th anniversary, asked if he and Packard would buy their now famous garage, said, "Why would we? It's a bunch of junk." Remaining H-P stock worth $665 million.

John Richard Simplot and family

Potatoes. Boise, Idaho. 81. Divorced, remarried; 4 children. Quit school, home in 8th grade; invested in hogs age 17. Saw opportunity in WWII: Bought vegetable dryer, sold dried onions, potatoes to Army. Ensured fortune when company scientist developed process for freezing cut potatoes 1950s. Now "Mr. Spud" produces 1.5 billion lbs. annually; 70% of McDonald's spuds. Potato peelings feed 275,000 cattle; also manufactures fertilizer, retails farm products through Simplot Soilbuilders. Now moving into frozen vegetables; plants in Mexico, Canada. Diversified holdings, run by sons, son-in-law, worth estimated $660 million.

Albert Lee Ueltschi

FlightSafety International. Irving, Tex. 73. Widowed, 4 children. Realized dream: flew open-cockpit biplane age 16. Started fast-food business same year, made $100,000. Pan Am pilot WWII. Founded flight school 1951; mortgaged home to build first flight simulator; worked

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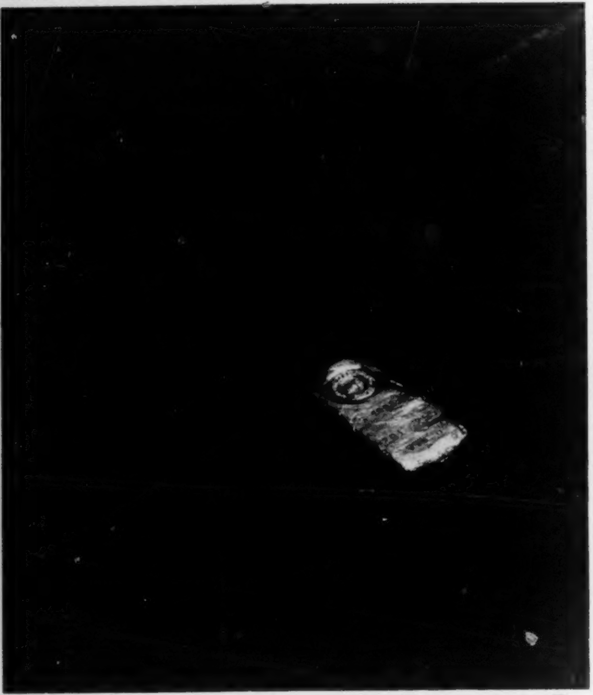

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as full-time pilot until 1968: "Running a business is like being a pilot: you can get yourself killed if you're not careful." Offered safe, fast, relatively cheap training, especially for emergencies (simulated crash better learning experience than real one). Acquired United Airlines Services Corp. 1988 to train military personnel. Today trains over 32,000 people annually. Ueltschi's 29%, other family shares worth $655 million.

Jerry J. Moore

Shopping centers. Houston. 62. Married, 3 children. Born to poor Polish immigrant parents; high school dropout. Started in plumbing; sold vacuum cleaners—some to buyers without electricity ("I told them the electricity was coming"). Began buying strip malls 1966; still buying. Likes troubled properties for turnaround. Now 21 million square feet, mostly in Houston. Family in business. Lives in transplanted 40-room 18th-century French chateau. Bought Columbia Lakes Resort near Houston. Also Rolls-Royce dealership. Has 650-plus vintage cars (rated number one U.S. collection by Car Collector magazine). Classic Texas good ole boy. "I despise falseness." Believed worth at least $650 million; Jerry says much more.

Leon Hess

Amerada Hess Corp. NYC, Deal, N.J. 76. Married, 3 children. Father, Lithuanian immigrant and kosher butcher, started small New Jersey fuel delivery firm; Leon took charge after firm went under in 1933. Pushed into exploration, refining and retailing; merged with Amerada Corp. in 1969 to expand into fuel exploration business. "Stickler for tidiness," has given executives half-length hosiery at Christmas to put an end to sagging socks. Son John, vice president, groomed since age 7 for top slot. John may have a long wait: Leon's father stayed on until age 92. Hess: "As long as I live, have my health and can justify my existence, I expect to stay." With Amerada Hess stock, New York (football) Jets, worth at least $650 million.

$600,000,000

Oveta Culp Hobby

Media. Houston. 85. Widowed, 2 children. Daughter of state representative; Texas House parliamentarian at 20; ran for legislature at 25, lost. Though 27 years younger, wed former governor, Houston Post publisher William Hobby; added radio, TV. Liberal Republican, fashion plate, first HEW secretary under Eisenhower (second woman at Cabinet-level post). Son William Jr. Texas lieutenant governor; daughter Jessica Catto published Washington Journalism Review. H&C Communications sold Post 1983, bought Cowles Broadcasting 1985; now 6 TV stations, 1 radio. Fortune, much in heirs' names, mostly controlled by Oveta, estimated around $650 million.

William Ingraham Koch

Frederick Robinson Koch

Brothers. Oil services. Two of 4 sons of Fred Koch (d. 1967), facilitated deal with James Howard Marshall II *(which see)* for Koch Industries ($16-billion-plus oil industry behemoth). Family split early 1980s when brothers Charles, David *(see both)* challenged for company control. Bill claimed bad management, poverty: "I'm one of the wealthiest men in America, and I had to borrow money to buy a house." Fred, NYC arts patron, joined Bill in fight; buyout settled feud 1983. Bill (David's twin): Palm Beach. 50. Married, 1 child. Founded Oxbow Corp. (diversified energy trader) with half buyout money; runs Nevada geothermal electric plant; markets, trades coal, etc. Keeps other half of buyout money hidden; assuming capital gains tax, worth at least $650 million. Fred: Monaco, NYC. 56. Single. Went to Harvard, then to Yale drama school. Reclusive art collector, restorer. Worth at least $500 million.

Amos Barr Hostetter Jr.

Continental Cablevision, Inc. Boston. 53. Married, 2 daughters. Stockbroker's son from Short Hills, N.J., Harvard M.B.A., stint in utility finance; "Bud" started cable co. with frat brother H. Irving Grousbeck 1963. Each put up $4,000 (as did Bud's father). Acquired some franchises, built some from scratch. Bought McClatchy *(see family)* cable company 1986, American Cablesystems 1988. Now fourth-largest in U.S. (2.6 million subscribers). Bought Dow Jones' 17% for $300 million 1989. Grousbeck left for teaching 1981, his 10% stake has appreciated rapidly. "When you put a boat in a fast current, it's going to go downstream." Bud's 34%-plus of stream now worth over $635 million.

Helen Kinney Copley

Publishing. La Jolla, Calif. 67. Divorced, widowed; 1 son. Hunter College dropout answered ad, became secretary to James S. Copley (adopted son of newspaper magnate Col. Ira Copley) 1953. From secretary to confidante: "I'll never know what he saw in me; I was so pathetically shy." Married 1965; gracious hostess until James' death 1973. Then, took over, sold unprofitable papers, slashed payroll, beefed up editorial. Expanded to 12 dailies (765,000 subs.), 44 weeklies (over 1 million subs.), cable TV; flagship still San Diego Union/Tribune. Son David, 38, probable successor. James' 2 children from first marriage trust beneficiaries. Copley Press now worth over $630 million.

John Murdoch Harbert III

Construction, investments. Birmingham, Ala. 69. Married, 3 children. Won $6,000 playing craps on ship home from WWII. Unsuccessful taxidermist: "I skinned a crow; it looked like a duck when I got through." Then bought concrete mixer and tools; went broke 3 times first 20 years: "Our statements were not worth the paper they were typed on." Local bridge contract led to highways, pipelines, buildings. Overseas: risky Third World projects, Israeli air base, U.N. Sinai facilities. Controls 10 million Amoco shares from 1981 sale of coal, limestone reserves, now worth $560 million. His 76% Harbert Corp. worth $625 million.

Richard Mellon Scaife

Inheritance, publishing. Shadyside, Pa. (Pittsburgh area). 58. Separated, 2 children. Great-grandson of Judge Thomas Mellon. Through Scaife Newspapers, actively runs smallish papers, promulgates his conservative ideology. Diminishing media empire: sold 2 papers to Thomson Group 1985; Sacramento Union to local developers 1989. Dislikes publicity, refuses to use middle name (thought father Alan Scaife treated shabbily by Mellons). Still most prominent Mellon of his generation. Long estranged from sister Cordelia Scaife May *(which see)*. Generous contributor to right-wing leaders, think tanks. Vigorously denies estimate, but worth believed to exceed $625 million.

Howard Butcher Hillman

Tatnall Lea Hillman

Inheritance. Adopted sons of John Hartwell Hillman Jr., stepbrothers of Henry Hillman *(which see)*. John H. created Pittsburgh's second-biggest industrial empire after Mellon's during robber baron era: coal mines, blast furnaces, iron ore brokerage, banks, real estate, etc. After Henry's mother died, married Dora Keen Butcher (d. 1982), adopted her 2 sons. Left them one-third Hillman Co., now diversified $4 billion empire run by Henry. Howard: Greenwich, Conn. 56. Married, 2 children. Majored economics, Princeton 1956. Navy. Harvard M.B.A. 1960. Stint at Chemical Bank, NYC. Venture capitalist, other investments through Taconic Group. Tatnall: Radnor, Pa. 52. Divorced, 4 children. Majored biology, Princeton 1959. Navy. Taught science Princeton Day School mid-1960s; now self-employed computer programmer/analyst. Supports conservative causes. Very low profile. Brothers' share of Hillman fortune estimated at least $620 million each.

Meshulam Riklis

Finance. Beverly Hills, NYC. 66. Divorced, remarried (to Pia Zadora); 3 children by first marriage, 2 by second. Born Turkey, landed U.S. 1947. Stockbroker, Minneapolis. Organized investment syndicates. Built private empire piling debt on debt in nonstop acquisitions for nearly three decades. Now swapping $1-billion-plus companies like trading cards: Fabergé/Elizabeth Arden, E-II. Rapid-American bondholders got paper collateral; Riklis, hard assets. Working on second empire: Riviera Casino and hotel, headed to becoming largest Vegas casino operator. After diabolically complex machinations, his wealth from web of holdings believed worth over $620 million, maybe hundreds of millions more.

William Clay Ford and family

Josephine Clay Ford and family

Brother and sister. Surviving grandchildren of Henry Ford (d. 1947), founder of Ford Motor Co. Grandson Henry II (d. 1987) called back from Navy on father Edsel's death 1943; took over moribund giant Ford 1945, began fantastic turnaround; chairman until 1980 amid tumultuous personal life. Daughter Charlotte: "He always loved ending up in the pool with his clothes on." Son Edsel II, 41, now heads Ford corporate marketing staff, sits on board, has eyes on top job for future. Quite possible with family controlling 40% of voting power. William: 65. Grosse Pointe Shores, Mich. Married to Martha Firestone, 4 children. Genial and easygoing, has not held operating responsibilities since mid-1950s; vice chairman until 1989. Generally supports management but fought to get more responsibility for Edsel and son William Jr., 33, who heads up business strategy for automotive group and also has high-level ambitions. William Sr. owns Detroit (football) Lions. Net worth, including Ford stock, $610 million. Josephine (Dotie): 67. Grosse Pointe Farms, Mich. Married to unrelated Walter Buhl Ford, 4 children. Net worth, including large art collection, at least $365 million. Remaining family, William Jr., own stock worth $560 million.

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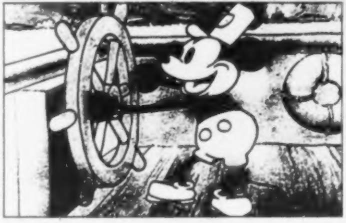


Walt Disney Productions

Mr. and Mrs. Walt Disney accepted an Oscar for Mickey Mouse, 1932. Disney created the durable, and hugely profitable, rodent, but it was Mrs. Disney who gave him his name after Walt had first suggested Mortimer Mouse. The house the mouse built was soon an entertainment giant.

Fred A. Lennon

Valves, pipe fittings. 84. Chagrin Falls, Ohio. Married, 2 children. Started with customer service at IBM; salesman for Office Machine Co., then Weldon Tool; both Cleveland. Met Cullen Crawford, designer innovative high-pressure pipe fitting ("Swagelok"); partners started Crawford Fitting Co. 1947. Lennon was marketer; Crawford, production. Bought out Crawford "for next to nothing." Expanded mid-1950s, added companies: Cajon Co., Nupro, etc. Very secretive. Recognized premier manufacturer high-pressure fittings. Much government contracting, sometimes sole source. If typical margins, company worth over $600 million; but his margins may be twice that.

Frederick Woodruff (Ted) Field

Marshall Field V

Half-brothers. Inheritance, media. Original Marshall Field started as Chicago store clerk; saved money, went into dry goods 1865. Built Marshall Field & Co. into world's largest department store, Chicago landmark, left all in trust to 2 grandsons. Grandson Marshall III sold some of share in store 1941; started Chicago Sun, added Times 1947. Field Enterprises inherited by Marshall IV (d. 1965, age 49). Marshall V (Harvard) Sun Times and Chicago Daily News publisher age 28; later, TV, cable. Conflict with incompatible half-brother Ted ended in liquidation 1984. Marshall: Lake Forest, Ill. 49. Divorced, remarried; 4 children. Bought Ted's share of real estate firm Cabot, Cabot & Forbes; later bought Pioneer Press (suburban newspapers), sold at profit to Sun Times 1989. Also, Xerox Educational Publications, Muzak, Funk & Wagnall, Curriculum Innovations Group (maps, magazines for students). Ted: Beverly Hills, 38. Divorced twice, remarried; 4 children. Raised in Chicago and Alaska by mother (editor Christian Science Monitor). Played with race cars; now produces movies via Interscope *(Outrageous Fortune, Three Men and a Baby, Cocktail).* Has turned sizable profits, easily gets outside capital for investments. (Bought Panavision for $20 million 1985, realized $90 million 1987; capital for Interscope from Disney and Nomura.) Also trades commodities, develops real estate. Estimates: Marshall, at least $540 million; Ted, over $600 million.

Melvin Simon

Herbert Simon

Shopping centers. Indianapolis, West Palm Beach, Santa Barbara. Mel: 63. Herb: 55. Both divorced, remarried; 5 children each. Brooklyn-born, raised in Bronx. Both attended City College of New York. After Army stint, Mel stayed in Midwest leasing retail space in shopping centers. Sent for Herb to join him; two struck out on own to develop shopping centers 1960. Brothers known for constant bickering, yet affable relationships with associates. Made fortune covering Midwest with ordinary, unpretentious shopping malls. Now with 61 million square feet, second-largest mall owner in country. Mel spent $40 million 1977-84 in Hollywood producing movies: "I thought I could make money." Now more ambitious projects: $600 million Mall of America with shopping, sports, amusement park, to open Bloomington 1992; also $400 million A&S Plaza, midtown Manhattan mall on site of old Gimbel's; Hollywood Promenade, which circles Mann's Chinese Theatre with hotels, stores and museums. Part of group investing in Hungarian bank; want to bring malls to England, France. Brothers' fortune estimated $900 million, two-thirds Mel, one-third Herb: "Mel and I are just naive guys from the Bronx, right?"

Alexander Gus Spanos

Real estate. Stockton, Calif. 67. Married, 4 children. Slaved in father's bakery; frequently beaten, forbidden to play high school sports. Started catering company 1956 with $800 bank loan; sold sandwiches to migrant farm workers. Built first apartments as tax shelter 1960. A.G. Spanos Construction became land developer, now about $375 million sales; pretax margins can be 30% with fast work, high liquidity, right land purchase. Owns 80% San Diego Chargers. Invested with raider Paul Bilzerian and Ed DeBartolo *(which see)* in Singer takeover 1988. Famous for dance routine with golf buddy Bob Hope. Net worth $600 million or more.

Ralph Lauren

Polo Ralph Lauren Corp. NYC. 51. Married, 3 children. Born Ralph Lifshitz, son of Russian immigrant, grew up in Bronx dreaming of sports. High school ambition to be millionaire. Attended City College of N.Y., apprenticed at Alexander's, Brooks Brothers. Fashion designer, sparked wide necktie fad late 1960s. Started Polo, Inc. 1967 with $50,000. Near bankruptcy 1972, but moved into preppie clothes 1970s. Led U.S. designers into retailing on large scale. His Old World styles grossed $2.7 billion 1990, much of it in licensing. Real estate (including 12,400-acre Colorado ranch) and 90% Polo believed worth over $600 million. "I don't design sleeves and jackets. I design a world."

James Lawrence Walton

Wal-Mart Stores. Bentonville, Ark. 68. Divorced, 2 daughters. Operated small Missouri five-and-ten store. Pooled resources with older brother Sam *(which see)* when the latter's small-town merchandising concept—"quality goods at discount prices"—took off in 1950. Brothers expanded chain to 15 stores next 10 years; became Wal-Mart 1962. Mastered logistics of supplying, managing large chain: now over 1,400 Wal-Mart stores, third-largest retailer. "Bud" managed real estate; now senior VP. Keeps low profile, prefers solitude of fishing in Alaska, Venezuela, etc., to managing his 20.4 million shares worth $580 million.

Shelby Cullom Davis

Investment banking. Tarrytown, N.Y. 81. Married, 2 children. Graduated Princeton 1930, Columbia 1931, Ph.D. Geneva 1934. CBS' Swiss correspondent before WWII. N.Y. deputy superintendent insurance 1945. "I got to know who were the bluffers and who were really professionals." With $100,000, started investment firm Shelby Cullom Davis & Co. 1947, one of first to specialize in insurance stocks; still chairman. Ambassador to Switzerland 1969-75. Philanthropic to higher education. Chairman Heritage Foundation; has also been member National Right to Work, Accuracy in Media, etc. Intends to leave "high portion" of estate to Heritage: "I can't imagine a better place." Firm, other investments worth $575 million.

Charles Henry Dyson

Conglomerator. NYC. 81. Married, 4 children; 1 son in business. Price Waterhouse CPA, decorated WWII Air Force colonel; represented Treasury Department at Bretton Woods 1944. Left Textron VP post 1949; felt it was diversifying too slowly. Launched Dyson-Kissner (now Dyson-Kissner-Moran) with former colleague Franklin Kissner. Built conglomerate—acquired over 30 companies last 6 years alone. Interests in several public companies (Esterline, Varlen, Conquest Exploration, etc.), private companies with sales over $1 billion. Extensive real estate, developing actively; also oil and gas. With 91% DKM, net worth estimated at least $575 million.

Roy Edward Disney

Walt Disney Co. Los Angeles. 60. Married, 4 children. Father Roy O. and Uncle Walt cofounded Disney Productions 1923 *(see Lillian Disney et al.)*. Roy began career as asst. film editor Dragnet TV series 1953. Worked in Disney studios 23 years, cameraman, film editor. Left Disney as independent producer/investor after management dispute 1977. Returned as vice chairman 1984; heads animation dept. Chairman Shamrock Holdings, investment firm with real estate, media, etc. Shamrock recently gave birth to Trefoil Capital Investors partnership, "white squire" fund with $450 million to bail out debt-ridden companies. Roy's Disney stock, Shamrock investments worth estimated $575 million.

William Wrigley

Chewing gum. Chicago and Lake Geneva, Wis. 57. Twice divorced, remarried; 2 sons, 1 daughter. Grandson William Wrigley Jr., salesman who peddled baking powder 1880s with premium: free chewing gum. Found gum outsold powder. Pushed gum with incentives, much brand advertising. Today world's largest chewing gum company; near $1 billion in sales. William Jr. succeeded by son P.K., and now grandson William. Family long owners of notorious heartbreakers, Chicago Cubs (1916-81). Estate taxes from P.K.'s death forced family to sell 1981. Cubs National League contender couple of years after sale. William sticking to chewing gum, worth at least $565 million.

Donald John Tyson

Barbara Tyson

Tyson Foods. Brother, sister-in-law. Fifth-generation farming family started Tyson Feed & Hatchery 1935: "My family has always been farmers. That's all we know." Renamed Tyson Foods, Inc.; went public 1963. Don assumed control after father and stepmother died in car crash 1967. Growth through ac-

Dan Weiner, courtesy Sandra Weiner

Jim Moran the Courtesy Man selling cars on Chicago television, 1952. Moran was a born salesman who in 1948 was among the first to discover the marketing power of television. His Courtesy Motors Ford dealership was soon the largest in the world. Moving to Florida, he hooked his star to the new Japanese imports. By the 1980s he was the world's largest independent Toyota distributor.

quisition: built only 2 of 47 plants. Holly Farms, largest acquisition ($1.5 billion, 1989), makes Tyson largest poultry supplier, expected 1990 sales almost $4 billion: "It takes the next three guys to be as big as we are." Looking to expand processed food business: "We're selling time, making it easier and faster to cook." Employees must wear khaki farm clothes. Chairman Don: Springdale, Ark. 60. Married, 3 children. "Heck, I get to come to work and have fun." Also enjoys deep-sea fishing. Barbara: Fayetteville, Ark. 41. Widowed (husband Randall, Don's half-brother, accidentally choked to death 1986). No children. Respective stakes in Tyson make Don worth $565 million, Barbara $450 million.

Nelson Peltz

★

Peter May

Leveraged buyouts. Peltz: Palm Beach, Fla.; Bedford, N.Y. Divorced, remarried; 4 children. May: NYC; Bridgeport, Conn.; Palm Beach, Fla. Married, 2 children. Both 48. Peltz Wharton dropout, built up family food distribution business, sold 1978 for $8 million profit. May: A.B., M.B.A., U. of Chicago. Started with Peat Marwick as CPA 1965; joined Peltz 1972. Duo met Mike Milken through friend Saul Steinberg 1979 *(see both)*; built empire on junk debt: bought control Triangle Industries 1983; National Can 1985 in Victor Posner bailout; American Can Packaging and Uniroyal chemical operation 1986; lots of internal expansion; total (leveraged) investment, $4 billion. Peltz reportedly the "high liver," flamboyant; May, the detail man: "We complement each other very well." Invested in, rather than stripped, businesses. May: "The excitement is building." Sold Triangle year-end 1988 to Pechiney S.A. (France) for notes bearing 10% annual interest, bought back nonpackaging entities, including large real estate assets like Hollywood, Inc. in Fla. May: "I'd just as soon not be on [your] list, but it's always frustrating to look and say, 'Gee, I'm worth a lot more than that.'" Worth more and more: Peltz' net worth now estimated at $560 million, receiving $13.8 million/quarter interest; May over $280 million ($7 million/quarter interest).

Thomas Stephen Monaghan

Domino's Pizza. Ann Arbor, Mich. 53. Married, 4 daughters. Fatherless at age 4, mother put Tom, younger brother Jim in Catholic orphanage. Studied for priesthood, expelled from seminary. Marines. U. of Michigan dropout. With brother, bought pizza parlor for $500 in 1960. Traded VW Bug to buy out Jim. By 1989 Domino's $2.5 billion sales, 5,100 stores worldwide, built on "30-minute delivery" despite claims deliverers accident-prone. Wants to sell out, says focusing on other interests: owns Detroit Tigers; collects Frank Lloyd Wright furniture, etc., Chinese ceramics, antique cars. Funds a Honduran missionary. "Dislikes moderation." Fortune estimated at least $550 million.

Jerome Spiegel Kohlberg Jr.

Henry R. Kravis

George R. Roberts

Partners. Leveraged buyouts. Three dealmakers left Bear, Stearns for own firm 1976; prowled for undervalued companies to buy with junk bond leverage. First buyout of Big Board firm: Houdaille Industries for $370 million 1979. First $1 billion deal: Wometco 1984. Then, Storer Communications, Safeway, Beatrice, Owens-Illinois, Duracell, etc. And largest LBO ever: RJR Nabisco for $26.4 billion 1988. Total over 36 deals to date: $69 billion. Firm receives 20% of the LBO profits; also fees: 1.5% management fee on KKR investment funds, 1% investment banking fee, etc. Partners' risk minimal: typically put up 1% of equity. Investors not complaining: annual returns often 30% to 40%. Several big deals profitably liquidated 1990: Beatrice, Motel 6, Union Texas Petroleum, part of Safeway. But others now eating extra cash: RJR Nabisco $1.7 billion, Seaman Furniture $42 million. Jerry: Mt. Kisco, N.Y. 65. Married, 4 children. New York-born lawyer, Harvard M.B.A. After philosophical differences with junior partners, "patriarch" left for own firm 1987: no hostile takeovers, less leverage, only deals "where reason prevails." Still limited partner in KKR; suit to receive greater share of KKR profits dropped 1990. Henry: NYC. 46. Divorced, remarried; 3 children. Hard-nosed son of Tulsa oil geologist. High profile on NYC social scene: wife, Caroline Roehm, noted fashion designer; Henry lavish donor to Met, ballet, hospitals. First cousin George: San Francisco. 47. Married, 3 children. Very private, hates NYC; runs SF office with brother-in-law Robert MacDonnell. Net of other KKR partners, Kohlberg believed worth $500 million, Kravis and Roberts $550 million each.

Jeremy Maurice Jacobs

Sports concessions. East Aurora, N.Y. 50. Married, 6 children. Father founded concession business with brothers 1915, in theaters, amusement parks. Made loans to troubled sports teams for exclusive long-term concession rights—one comes up for renegotiation 1998. Gold mine: some in industry claim profit margins 50% or more. Jerry CEO on father's death 1968; continued business. Today, contracts shorter, less lucrative; competition intense. Company diversifying: Delaware North now 11 race tracks, Boston Garden, Bruins, aluminum ingot operation. Wants to be concessionaire for Japanese baseball: "We're avaricious as hell." Net worth estimated at $550 million or more.

Thomas John Flatley

Real estate. Milton, Mass. 59. Married, 5 children. Emigrated from Ireland 1950 with $32 in pocket. Managed to scrape up enough to buy first small apartment building 1959. Began building, created apartment empire; now owns 5,500 units Boston, N.H., R.I. Also expanded to office, retail space all over New England, 14 Tara Hotels. Made brief ill-fated entry into media with small TV station. Frustrated with poor showing, literally pulled plug, left station in dark. Later sold for $1 million profit. "I am a builder, period." Advises local cardinal, $2 million for Boston College chair in Catholic Theology. Estimated worth over $550 million.

Howard Kaskel

Real estate. NYC. 53. Married, 6 children. Father Alfred (d. 1968) built Doral Hotel & Country Club Miami; bought four rundown NYC hotels early 1960s. Transformed into 3,000-room prime Doral chain. Also Carol Management, runs apartments NYC, Chicago, Conn.; also prime NYC office space. Nephew Steven Schragis acquired book publisher Lyle Stuart to launch Carol Publishing 1988; also Birch Lane Press. Howard paid $60 million for Westchester hotel/conference center 1986. Lost 1987 Kansas City Southern takeover bid, sold 11% 1988 for no gain. Colleague: "He doesn't have the personality of a raider." Hotels, etc. estimated $550 million.

Louis Larrick Ward

Russell Stover Candies. Kansas City, Mo. 70. Married, 3 children. Stanford, WWII Navy, then to Wall Street. Bought small paper box company 1950; customers included Hallmark Cards, Russell Stover. "I saw a great deal of potential in Russell Stover." Bought 1960 for $7.5 million. Went public same year, took private 1981. Relied on word of mouth, not advertising. Insistence on quality, attractive packaging built product appeal, particularly on East Coast. Became largest boxed candy producer; also modern plants, low-cost labor. "Keep going forward, but keep your eye on the company in the rearview mirror." That's Whitman's, declining. Net worth estimated over $545 million.

Estée Lauder

Leonard Alan Lauder

Ronald Steven Lauder

Mother, sons. Cosmetics. NYC and the Hamptons. Estée: ageless. Widowed. Josephine Esther Mentzer born to Czech-Hungarian immigrant parents in Queens. Sold skin creams for chemist-uncle, later went on own, attached Estée Lauder name to products. Summer resort romance led to marriage to Joseph Lauder. He ran the books; she ran, promoted her company. Uncanny sixth sense for fragrances, consumer trends built one of world's largest cosmetics companies: Estée, Clinique, Prescriptives, Aramis, and now Origins cosmetic lines. (Origins—natural non-animal-tested products, recyclable containers—for environmental crowd.) Estée, founder, longtime soul of company, no longer involved in day-to-day operations. Leonard: 57. Married, 2 sons. Current CEO, credited with much of company's huge growth. Wife Evelyn a VP. Son, William, VP and general manager of Origins, seen as heir apparent. Ronald: 46. Married, 2 daughters. Left management 1983 for public service: deputy assistant defense secretary (NATO); U.S. ambassador to Austria (1986-87). Strong interest in general New York metro area: ran for mayor of NYC last year; trounced in primary. Also considered run for Congress from Suffolk County. Oversees family holding company, named Lauder Investments. Three share family firm; estimated worth some $1.6 billion.

Robert William Galvin

Motorola. Barrington Hills, Ill. 68. Married, 4 children. Father Paul founded Galvin Mfg. Co. 1928, with $565; made car radios; then walkie-talkies during WWII; built and sold first TV under $200, 1947, renamed firm Motorola. Robert groomed as successor from age 12. Joined company 1940. President 1956, chairman and CEO 1964. Stepped down as chairman this year. Electronic visionary; guided research toward microchips, radio pagers, cellular telephones as early as 1950s. Motorola's 1989 sales, $9.6 billion. Son Christopher, 40, now following in father's footsteps. Chris, now executive VP, assistant CEO. With stock, Robert worth over $540 million.

Cordelia Scaife May

Inheritance. Ligonier, Pa. 62. Divorced, widowed; no children. Great-granddaughter of Judge Thomas Mellon. Brief marriage 1950. Wed 1973 to longtime friend Robert Duggan, Pittsburgh D.A.; he died of gunshot wound during corruption investigation 1974. Brother Richard Mellon Scaife *(which see)* has not spoken to her since. Endowed Laurel Foundation to support education, population control, other liberal causes. Maintained family tradition (Mellon fortune built on 19th-century venture capital) in small way, funded emerging companies through Roldiva Inc. Net worth (mostly in trusts) believed at least $525 million.

Laszlo Nandor Tauber

Real estate. Potomac, Md. 75. Divorced, remarried; 2 children. Born Budapest; champion Hungarian gymnast. Hungarian medical school. Survived Nazi labor camps; escaped on second try. "I just walked away one day." To U.S. 1947; set up medical practice; soon built first apt. project on lot bought for $9,500. Built offices, primarily for U.S. government, at initial low rent; raised on re-lease. Eventually, Uncle Sam's biggest landlord. "We don't look for that huge income and we don't want to take chances." Thinks current market "very, very much overbuilt." Still working full time surgeon. "I hate to even think about it [retirement]." Real estate et al. worth over $525 million.

James Levoy Sorenson

Medical devices. Salt Lake City. 69. Married, 8 children. Considered medical school; instead, Mormon missionary work 1942. Then Upjohn salesman. Staked uranium claims, big profits 1950s: "Look at your environment and see how you can get control of it." Next look saw unnecessary hospital deaths; developed medical devices: "I am always trying to fill a market need somewhere." Sorenson Research turned out series of patents; sold to Abbott Labs 1980. America today: "We're losing it because our value systems are out of control." Developing office park, Salt Lake City. Said to retain Abbott shares worth $525 million. "Carve your names on hearts, not on marble."

Frank Batten

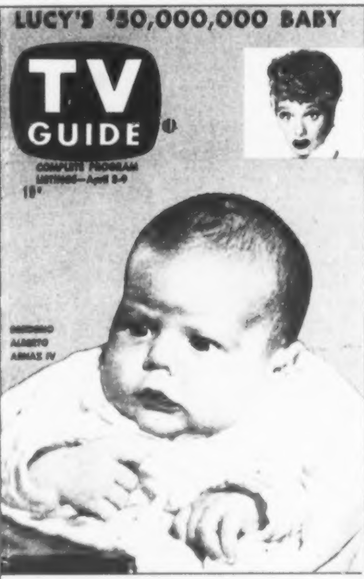
Media. Virginia Beach, Va. 63. Married, 3 children. Nephew of Samuel Slover, who arrived Virginia 1906; was offered interest in Virginian-Pilot newspaper if he made it profitable. Black ink within year. Frank raised by uncle; Harvard M.B.A.; publisher 1954. Inherited. Aggressively built Landmark Communications from 1 paper (flagship now Virginian-Pilot/Ledger-Star). First cable franchise 1964, now over 622,000 subscribers; 9 dailies, 32 weeklies; 1 TV station, 1 radio. Started Weather Channel with meteorologist John Coleman 1982; now very profitable. Recently sold San Jose TV station for $59 million. His 35% Landmark worth over $520 million. "We've always had good people."

David Geffen

Recorded music. Malibu, Beverly Hills, Calif. 47. Single. Born Brooklyn, worked as usher at CBS, fired as "too aggressive," landed in William Morris mailroom; managed folk acts. Founded Asylum Records 1970: recorded Eagles, Bob Dylan et al. Sold to Warner 1972 for "biggest number I could think of": $7 million. Vice chairman until cancer scare 1976. Started from scratch again 1980 as Geffen Records: Hit big with head bangers Whitesnake, Guns N' Roses; etc. Added movies *(Risky Business)*, Broadway *(Cats)*. Sold record company to MCA 1990. This time thought of bigger number: $550 million, or 12.5% of MCA's stock. Paid $47 million for Jack Warner estate. MCA stock, etc. worth some $515 million.

Roy Hampton Park

Media. Ithaca, N.Y. 80. Married, 2 children. Born on N.C. farm, entered N.C. State U. age 15; AP stringer for $18 a week, also ran college paper. Went for public relations; launched Ithaca ad agency 1942. Landed Thomas Dewey ad campaign: "If he'd won, I'd be a happy retired bureaucrat." Cofounded Duncan Hines 1947; sold to Procter & Gamble for stock 1956. Bought first TV station 1962. Now Park Communications: 7 TV, 19 radio; also 156 small rural dailies, weeklies, etc. Collects watches; wife raises peacocks. Ithaca College renamed media school Roy H. Park School of Communications. Net worth at least $510 million.


LUCY'S $50,000,000 BABY
TV GUIDE
COMPLETE PROGRAM LISTINGS—April 3-9
15¢
DESIDERIO ALBERTO ARNAZ IV

The first cover of TV Guide, 1953, begun by Walter Annenberg. Desi Arnaz Jr. is now 37, but TV Guide, measured by ad revenues, peaked in 1988. Triangle Publications, of which TV Guide was the major part, was sold in 1988 for $3.2 billion to Rupert Murdoch. The greatest fortunes are sometimes found, not only in a new technology itself, but in servicing that new technology.

John G. Rangos Sr.

Solid waste. Pittsburgh. 61. Divorced, 3 children. Chambers Development one of fastest-growing in waste disposal (1986 sales $31 million; 1989 sales $182 million). Son of Greek restaurateur, used shrewd management to cut haulage charges; acquired landfills in anticipation of shortages. "We've been one of the innovators in bringing this business from the Stone Age to the Space Age"—new Charles City landfill touted for myriad safety features. Also increasingly involved in recycling plants. Archon (highest lay office) in Greek Orthodox Church. Rangos, sons John Jr. (VP operations), Alexander (VP corporate development) run company. Owns stock worth $505 million.

Dorrance Hill Hamilton

Charlotte Colket Weber

Hope Hill van Beuren

Inheritance. Three of 9 grandchildren of John Dorrance Sr. whose canned soup—Campbell's—became part of the "American way of life." Left third-largest estate in U.S. 1930, worth $128 million. Over 50% of Campbell (including mother's share) went to John Jr. *(see John T. Dorrance III)*; one-eighth to each of 4 daughters, now deceased; their children inherited. Dorrance (Dodo): Strafford, Pa. 62. Married, 3 children. Campbell director. With sister Hope, major stockholders among dissident family group bent on sale of Campbell after death of John Jr. 1989. Agreed to give new CEO (David W. Johnson) a chance to revitalize company. Dodo's stock, other assets, worth at least $500 million. Hope (Happy): Middletown, R.I. 56. Married, 3 children. Once operated local boutique. Husband John an investor. Net worth over $470 million. Cousin Charlotte: Ocala, Fla., NYC. 47. Married, 4 children. Studied Sorbonne, Ecole du Louvre; donated $20 million Chinese art to Metropolitan Museum; remaining collection worth well over $100 million. Not among family members pushing to sell. Second husband, John, professor anatomy, cell biology Cornell Medical College. Net worth exceeds $500 million. Cousins, the Strawbridge family—George Jr. sold controlling interest in Delaware Trust to Meridian Trust 1987, owned Tampa Bay (soccer) Rowdies 1975-83—worth over $430 million.

Joseph S. Gruss and family

Investments, oil. NYC. 87. Widowed; 1 son, 1 daughter. Learned finance from banker father in Poland, left 1939 with $40,000, speaking no English; bought stock exchange seat. Frugal—used to pound on office wall to summon accountant in lieu of intercom. Formed investment house Gruss & Co.; put profits into oil and gas starting 1952 with drilling partner John Cox *(which see).* Oil very profitable, but stopped drilling in pre-Iraq oil price decline. Deeply religious, donated $100 million to Jewish causes: "This is my monument." Son Martin runs business, (also Pegasus Group); sold half of oil, put proceeds into stocks, mainly private deals. Worth over $500 million.

Henry John Heinz III

Inheritance. 52. Fox Chapel, Pa.; Washington, D.C. Married, 3 children. Yale 1960. Harvard M.B.A. Great-grandfather H.J. Heinz was Sharpesburg, Pa. horseradish salesman 1869. Started U.K. pickle co. 1886; cornered market. Founded U.S. ketchup, pickles, soup powerhouse 1888. Company now owns Weight Watchers, StarKist, Ore-Ida, Nine Lives, etc. Sales 1989, $5.8 billion. H.J. III (John), U.S. Senator (R–Pa.) since 1976. Banking, Finance, Govt. Affairs committees; also Special Aging Committee (ranking GOP member). "Has gone about as far as a man could go in the chamber by being intelligent, articulate and not very popular." With stock, worth over $500 million.

Robert Alfred Lurie

Real estate, inheritance. SF. Divorced, remarried; 6 children. Son of Louis R. Lurie (d. 1972), colorful real estate, entertainment mogul who purchased $1,000 printing firm at age 14 in Pacific Northwest. Constructed 300 buildings in Chicago, SF; produced Broadway hits (South Pacific, West Side Story), movies (Tarzan). Introverted son Robert inherited. Conservative caretaker; eschews debt, acquisitions. Real love: San Francisco (baseball) Giants bought 1976: "It's not a toy; it's a full-fledged industry itself." Hopes for new SF stadium quashed in community vote 1989. Bob looking to uproot: Santa Clara will vote next. Real estate, Giants estimated worth $500 million.

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B. Francis Saul II

Banking, real estate. 58. Chevy Chase, Md. Married, 5 children. Heir to D.C. real estate co. founded by grandfather 1892. Formed B.F. Saul Real Estate Investment Trust 1964. Started Chevy Chase Federal Savings Bank in trailer (still in place) at shopping center 1969; now largest consumer bank in Maryland; healthy S&L in unhealthy environment. Two sons planning to enter business, will be fourth generation in family business. Owns at least a dozen real estate, financial service operations. Philosophy: "Be conservative; build long-term values. I'm not a trader." Fortune estimated over $500 million.

Robert Staples Howard

Publishing. Rancho Santa Fe, Calif. 66. Married, 4 children. U. of Minnesota dropout. After WWII inherited hometown (Wheaton, Minn.) paper: "I swept the floors, melted lead, sold ads, wrote stories . . . you name it." Founded Howard Publications 1961; built into 19 dailies, over 450,000 subscribers. Unassuming (flagship is Hammond, Ind. Times) but profitable chain; minimal debt. In 1988 sold Buffalo TV station to King World for $100 million. In 1989 netted $72 million on sale of 40% stake in Choice TV, cable joint venture with Don Reynolds *(which see).* Because of newspaper industry troubles, estimate of fortune down, but believed in excess of $500 million.

Dennis Washington

Mining, railroads, etc. Missoula, Mont.; Sun Valley, Idaho. 56. Married, 2 sons. Heavy crane operator in Alaska, then back in Montana (loved big machines). Got $30,000 business loan and got married. First job visitor center in Glacier National Park, but soon Montana's largest contractor. Saw opportunity in unaggressive big companies' assets: Bought closed Anaconda copper mine for $20 million 1985 from Arco. Copper prices surged. Sold 49.9% 1989 for $125 million. Also, bought rail system from Burlington Northern 1987; renamed Montana Rail Link and turned around; profits now $33 million/year pretax. Owns about 55,000 acres Montana, horses, yacht, airplane. Worth at least $500 million.

John Orin Edson

Leisure craft. Seattle. 57. Married, 2 children. Founded Bayliner (powerboats) 1955. Company sped past rest of boating competitors; sales, profits doubled in each of last 3 years before sale to Brunswick in late 1986. Basic manufacturing tack: simplify production, lower per-unit cost by producing a single product in great quantity, and attract buyers with subsequently lower prices. Edson, made wealthy by Brunswick buyout, conservatively invested proceeds. He and wife now travel extensively. Maintains 105-foot yacht; owns and pilots several planes; he, wife fly their his-and-hers helicopters. Net worth exceeds $500 million.

Harold Brown

Real estate. Boston. 65. Divorced, 2 children. Streetwise son of poor Russian immigrant. Played clarinet, $3 a gig. MIT, metallurgy, 1947: "The field with the lowest unemployment and the highest wages." But started doughnut bakery chain. Bought, remodeled 6-unit apt. building 1956, found metier: jumped headlong into real estate. Hamilton Realty now one of Boston's biggest landlords: "He's the best Monopoly player in the city." Sued by Justice Department for racial discrimination (consent decree 1982), pleaded guilty to $1,000 bribe for building permit 1986. Side ventures: movie production, community newspapers. Hal believed worth over $500 million.

Sheldon Henry Solow

Real estate. NYC. 62. Married, 2 sons. Small-time builder sank everything into landmark Manhattan skyscraper 1972. "We're in barracuda land. You can only get away with this once." Avon building (9 West 57th Street) 1.5 million square feet, catchy architecture (sloping sides, big red "9" on side-

Mark Goodson, left, facing camera, appearing as a mystery guest on his own show, What's My Line?, along with his late partner, Bill Todman. In the chancy world of big league broadcasting, Goodson created some of the longest-running game shows in television history. Then he put his profits mostly into real estate and newspapers, and prospered accordingly.

walk), prime location, great views said to fetch highest NYC office rents. Worth over $500 million: "It's the kind of building the Japanese would love." Also invested in other NYC office space and luxury apartments. Skillful dealmaker, doubtful manager: full-fledged rent rebellion in East Side luxury apartment building. Sheldon's estimated net worth: at least $500 million.

Joe Lewis Allbritton

Broadcasting, banking, publishing. Washington, D.C., Houston. 65. Married, 1 son. Native of D'Lo ("Damn Low"), Miss., son of Houston cafe owner. Made first million age 30 cofounding Texas S&L, buying and selling Texas acreage in path of expansion with bank loans. Repeated turnover propensity with properties like Washington Star; still has WJLA-TV in D.C., alone worth $275 million. Allbritton Communications now 5 TV stations, small newspaper. Reputation for toughness, abrasive personality. Took over "blue blood" Riggs National Bank 1981 in semihostile maneuver: "It'll be the principal bank in the capital of the Free World." Worth est. $500 million.

★

William Edward Maritz and family

Maritz Inc. St. Louis. 61. Married, 4 children. Grandfather Edward F. Maritz began making watches 1894. Father James, to boost faltering Depression sales, convinced businesses to use watches for employee performance incentive. Soon abandoned watches, focused on selling motivation services; Bill chairman, CEO, president 1983. Now sells performance improvement primarily to large corporations, e.g., IBM, auto big three: travel, merchandise incentives to bolster productivity. Also, travel services to companies. Over 20% per year revenue growth 1983-89, now tops $1.2 billion. Bill, sister, control 100% of company's voting, dividend stock worth estimated at least $500 million. Bill disputes valuation.

Richard E. Jacobs

Shopping centers. Lakewood, Ohio; NYC. 65. Divorced, 3 children. Raised Akron, father sold Goodyear blimps. Dick, brother Dave sold real estate after WWII; assembled sites for then-fledgling mall developer Edward DeBartolo *(which see)*. With partner Dominic Visconsi, built own mall Columbus, Ohio 1962; now over 40 malls, near 36 million square feet nationwide. Visconsi still financially involved. Dick driving force, dealmaker; Dave handles architecture, construction, has minority position. Into Wendy's franchises, Marriott hotels, Cleveland (baseball) Indians; building 2.5 million square feet office space, hotels downtown Cleveland. Net worth estimated around $500 million.

Henry Earl Singleton

Teledyne. LA. 73. Married, 5 children. Son of Texas rancher. Annapolis, MIT; then Hughes Aircraft, Litton Industries. Met George Kozmetsky at Litton, pair started Teledyne with $450,000 1960s; financed by Arthur Rock. Built conglomerate in aviation, electronics, etc.; sales over $3.5 billion. Architect of large-scale stock buybacks and divestiture. Major spinoffs: Argonaut Group (insurance), American Ecology, Unitrin (financial). Tight-lipped strategist: Teledyne president learned of $400 million stock buyback after fact. Retired unexpectedly from day-to-day management 1989; still chairman, "intellectual guiding light." Stockholdings, etc. worth $500 million.

★

Erskine Bronson Ingram

Barges; book distribution. Nashville. 58. Married, 4 children. Weyerhaeuser friend through great-grandfather. With brother Fritz, took over Ingram Corp., an oil refining, marketing and liquid barge company, after father's death 1962. Built by acquisition in barge, coal, oil production and wellhead equipment. Entered book distribution at urging of family friend 1964; distribution now major part of business. Split up firm 1978 after Fritz convicted on bribery charges; Bronson acquitted. Kept distribution, most domestic assets. Ingram Industries now over $2.1 billion in revenues, over 80% distribution (books, videos, computer hardware and software). Bronson estimated worth well over $500 million.

Peter Stephen Kalikow

Real estate. NYC. 47. Married, 2 children. Grandfather built row houses NYC boroughs 1920s-30s. Father split from brothers 1968 to form H.J. Kalikow & Co. Peter took over 1973, built Manhattan apts.; has 4,000. Built risky 101 Park Ave., 1.28 million sq. ft., 1982 for $160 million; hit booming office market just right. Renovated former AT&T HQ downtown, building 50-story hotel next door. With $24 million union concessions, bought struggling N.Y. Post for $37.5 million 1988; recently $20 million more in union cuts. "The more people tell me not to do something, the more I want to do it." Believed worth over $500 million.

Caroline Rose Hunt

Inheritance; oil, real estate. Dallas. 67. Twice divorced, 5 children. Second daughter of H.L. Hunt. With sister Margaret *(which see)*, split assets from those of brothers William Herbert, Nelson Bunker 1983, after latter failed to corner silver. Expanded her Rosewood Corp. into real estate (Dallas' Mansion at Turtle Creek, the Crescent); held oil and gas. Other investments include disastrous $100 million venture with First Executive. Rosewood needs liquidity after real estate drop; sold some real estate, offering more, also oil and gas. Trying hotel management. Sons run business; Caroline tends her antiques, believed down to her last half-billion.

Charles Cassius Gates Jr. and family

Gates Corp. Denver. 69. Married, 2 children. Charles Sr. lured west by gold strikes; bought tire cover firm Denver 1911. Used new material for tires, automotive hoses: rubber. Invented V-belt, universal automotive engine element, 1917. Charles Jr.: Stanford, engineer, inherited company with 4 sisters 1961. Ignored father's advice to avoid risks, diversified firm: "We have to broaden our base." On "roll of the dice," bought moneylosing Learjet Inc., sold 65% for $57 million 1987. Left tire business 1974, but rubber products still over 80% sales. Taking personal bath in S&L-tainted east Colo. real estate, but company, other assets worth $490 million.

Maurice Raymond Greenberg

Mansfield Freeman

American International Group. NYC. AIG founded Shanghai 1919 by C.V. Starr (d. 1968), first Westerner to sell insurance to Chinese. Built international conglomerate; no heirs. Large block AIG, investments in private holding companies, controlled by key executives: inheritance by management. Today largest commercial underwriter, looking to increasing opportunities in Eastern Europe, Asia: "There's a lot on the stove." Greenberg: NYC. 65. Married, 4 children. Raised on N.Y. dairy farm. Army, WWII and Korea; law school via G.I. bill. Landed insurance job AIG 1960 by going over head of executive who refused to hire him. President, chief executive officer, 1967, chairman since 1989. "We've long ago gone beyond just selling insurance." Known as hard-nosed boss. Idea for environmental cleanup: "Instead of focusing on blame, let's focus on getting it done." Stock, other investments exceed $480 million. Freeman: Greensboro, Vt. 95. Widowed, 1 son. One of several inheritors by management, like Greenberg. Son Houghton, vice chairman, 69, votes shares, but stock is in Freeman's name. Holdings now worth $340 million.

★

Alan Ashton

Bruce Bastian

Partners. WordPerfect. Orem, Utah. Ashton: 45. Married, 11 children; Bastian: 39. Married, 4 children. Brigham Young U. computer science professor Ashton teamed with graduate student, band director Bastian 1979, to write program diagramming BYU band formations; next, word processing program for city of Orem's Data General Corp. minicomputer system. Program made commercially available in 1980 without venture capital. In 1982 IBM PC version appeared with new name: WordPerfect. Now company profits around $83 million (as much as 50% profit margin); no debt. Each owns 49.9%; at prevailing multiples, each should be worth $475 million or more. Both new to Four Hundred list.

★

A. Donald McCulloch Jr.

Dieting. Bryn Mawr, Pa. 43. Married, 2 sons. Born Boston, father died age 8; raised by schoolteacher mother. Academic scholarship Harvard; M.B.A. Describes career in corporate marketing, turnarounds. Hired as chief executive officer of struggling Nutri/System diet center 1985. Saw potential money machine. In 1986, with 3 partners bought out founder in $70 million LBO on $10,000 cash, $2 million in home mortgages. By 1989 revenues $251 million; earnings up from $2 million to $51 million. Says former partner: McCulloch always wanted to be a "captain of industry." McCulloch's 74.5% now estimated worth $470 million. One of the most successful leveraged buyouts in history.

William S. Paley

CBS. NYC, Southampton. 89. Divorced, widowed; 4 children, 2 stepchildren. Grandson of Russian lumber magnate, son of successful Philadelphia cigar manufacturer. Joined father after Wharton 1922; bought into ailing radio network for $500,000 in 1928. Built into CBS with eye for talent (Bing Crosby, Jack Benny, Edward R. Murrow et al.). Longtime socialite, ladies' man, said he would quit work at 35. Retired 1983, age 83, returned as chairman 1986 with CEO Larry Tisch *(which see)*: "It's like having a child . . . it's pretty hard to jerk yourself away from that entirely." Tisch calls shots, but Paley still shuttles in by helicopter. Modern art, real estate, CBS stock worth over $460 million.

William Gordon Bennett

William Norman Pennington

Circus Circus. Partners. Bennett: 65. Married, 2 children. Las Vegas. Pennington: 67. Married, 2 children. Reno. Met when Pennington sold gaming equipment to Bennett, a representative for Del Webb. Teamed up 1971 to distribute slot machines, hoped to buy casino with profits. Purchased casino with live circus acts, Circus Circus, 1974. Ran profit-minded operation with focus on "low rollers." Lured middle-class gamblers by providing for kids. "Terrific feel for the

Kmart end of the business" led to success, expansion. Now operate 432,000 square feet casino space, 10,184 hotel rooms (7 properties). Latest addition, Excalibur, largest hotel ever built (4,032 rooms), casino as large as 4 football fields. Great example of Circus Circus philosophy: Breaks even at $200,000/day as opposed to $1,000,000/day for other big casinos. Pennington now retired. With stock, Bennett worth $460 million; Pennington, $375 million.

[redacted]

Patrick Joseph McGovern

Publishing. Nashua, N.H. 53. Divorced, remarried; 4 children. Built computer from scratch as teenager; won MIT scholarship, worked on MIT computer magazine. Saw need for computer market data, launched International Data Group 1964—flagship publication Computerworld. Now over 120 magazines in 40 countries, including U.S.S.R.; also related info services. Slowly selling stock to employee trust (about 25% so far), "to build a total, common family." Believes in letting employees have autonomy: "If you have the right people, all you have to do is meet once a year and say, 'How did it go?' " Lives modestly, flies coach. Net worth estimated at least $450 million.

[redacted]

Samuel Zell

Real estate, investments. Chicago. 49. Married, 3 children. With U. of Michigan frat brother Robert Lurie (d. June of cancer) bought up troubled Sunbelt, Midwest properties, rehabbed for fraction of new construction cost, sold some for big gains; bought more. Pair applied turnaround strategy to companies—e.g., Itel: with controlling interest, raised revenues from $108 million 1985 to $2 billion in 1989 (now largest U.S. railcar and marine container lessor). Stakes in Santa Fe Pacific, American President Cos. and Great American Management & Investment. Lately starting real estate workout investment funds. Zell manages empire worth over $900 million; shares it with Lurie's wife and her 6 young children.

[redacted]

John Jeffry Louis Jr.

Inheritance. Winnetka, Ill. 65. Married, 3 children. Mother a Johnson of Johnson Wax *(see also S.C. Johnson)*. Advertising employee in father's agency, then worked in international marketing for Johnson Wax. Chairman of Combined Communications 1968; stepped down 1981 after merger with Gannett. Manages several investments, director S.C. Johnson & Son, Air Wisconsin, Baxter International, Ralston-Purina, Gannett. Strong Republican supporter; ambassador to Britain for Reagan 1981. Resigned 1983, reportedly under pressure. Golfer, amateur flier, philanthropist. With family's 30% S.C. Johnson & Son interest, other holdings, worth $450 million.

[redacted]

John William Berry Sr.

Yellow Pages. Dayton. 68. Twice divorced, remarried; 5 sons. Army WWII. Dartmouth. Son of Loren M. Berry, who sold horseradish, then ad space in train schedules as boy. Traveling salesman took dreams and $200 to Dayton 1910. Talked Dayton Home Telephone Co. into ad sales campaign using one-color paper. "Mr. Yellow Pages" died 1980 at 91. John Sr. bought out siblings; expanded. Sold L.M. Berry & Co., second-largest Yellow Pages ad agent, for estimated $335 million in BellSouth stock 1986, retired 1987. Now chairman Berry Investments: hunting supply company, security device firm, etc. John Jr. heads L.M. Berry at BellSouth. Fortune at least $450 million.

[redacted] ★

Bernard F. Brennan

Montgomery Ward. Winnetka, Ill. 52. Married, 3 children. Grew up middle class in Oak Park, Ill.; dad and uncles Sears employees. Joined older brother Edward at Sears 1964 (Ed now Sears chairman). Quit 1976 for small Fla. retailing distributor; elbowed aside founder, CEO, became chairman 1979. Reputation as "hard-driving, decisive and excellent retailing executive." Head of store operations at ailing Montgomery Ward 1982, left 1983 after clash with boss. Next, CEO Household Merchandising; back to Ward as CEO 1985. Successful turnaround: redesigned stores, cut costs, tripled profits. Led $3.8 billion LBO with GE Capital 1988; owns 30% estimated $450 million.

[redacted]

Franklin Parsons Perdue

Chickens. Salisbury, Md. 70. Twice divorced, remarried; 4 children from first marriage. Dropped out of

FPG

The great Spindletop oil field in Texas, shortly after the turn of the century. William M. Keck Sr. had a nose for oil, and going to Spindletop was only one of many successful wildcatting ventures that led, eventually, to the formation of Superior Oil in 1921.

teacher's college for father's egg business. Switched to broilers 1940; company took off in post-WWII chicken boom. Added feed, processing, built one of first integrated chicken outfits, brand name. Perdue Farms now 4th largest in U.S.; sales over $1 billion. Frank regional celebrity from clever advertising: "It takes a tough man to make a tender chicken." Met with another tough guy, NYC mobster Paul Castellano, to block union drive 1980. Drives Mercedes: since 1968, 34 moving violations, mostly speeding. Frank's 90% worth estimated $450 million.

Luigino Francesco Paulucci

Food processing, real estate. Sanford, Fla. 72. Married, 3 children. Immigrants' son, produce salesman at 16; left at 17 after outselling boss. Started Minnesota-based canned Chinese food business age 22; sold Chun King for $63 million 1966. Then, Jeno's Pizza, 1967. Moved Jeno's from Duluth 1981; still hasn't replaced 1,200 jobs as promised. His own popularity poll in Duluth two-thirds negative. Sold 1985 for $147 million. Slowly developing "dream" community near Orlando: "It's family-owned, right down to my grandchildren. So what's the hurry?" Also selling franchises for Pasta Lovers Trattorias. With Florida land, estimated net worth over $450 million.

Jon Meade Huntsman

Plastics. Salt Lake City. 53. Married, 9 children. Son of Idaho teacher; Wharton, USC M.B.A. 1970. Headed joint venture with Dow Chemical to make egg containers 1965. HEW 1970; later Nixon aide. With brother, started new company 1968: plastic utensils, food packaging. Sold out 1976. Utah chairman for Reagan, Bush. Founded Huntsman Chemical (more polystyrene) on high leverage 1983; bought big polypropylene capacity 1987. Failed $825 million takeover Aristech Chemical (polypropylene, etc.) 1990. Foresees expansion to Europe, Far East: "In ten years I expect to be running a $5 billion [revenues] corporation." Estimated worth $450 million or more.

Alfred James Clark

Construction, real estate. Easton, Md. 62. Married, 3 children. Virginia-born, couldn't afford Cornell; studied engineering U. of Maryland. Field engineer for Hyman Construction 1950 (revenues then $3.5 million), CEO 1969. Now owns the firm; Clark Construction Group 1989 billings $1.3 billion. Focus on Washington, D.C. area; built L'Enfant Plaza, National Museum of Natural History, Four Seasons Hotel, etc. Now branching out into office towers, airports, government buildings throughout the country. Rises 5 a.m., exercises heavily; helicopter to work. With construction revenues, real estate, radio stations and stocks, worth upwards of $450 million.

Robert Lee Moody

American National Insurance. Galveston, Tex. 55. Divorced, remarried; 4 children, 4 stepchildren. Great-grandfather William Lewis Moody started cotton, banking business in 1860s. His son, William Jr., launched ANI 1903. Company mushroomed, courtesy Texas insurance laws encouraging non-Texan insurers to leave. Empire grew, added newspapers, hotel chain, ranchland. Died 1954, divided fortune between foundation and family trust; legal battles followed. Robert bought 51% Moody National Bank from foundation 1979, controls family trust with 35% ANI. Brother, Shearn Jr., jailed for mail fraud 1987; conviction recently overturned. Robert controls fortune worth $445 million.

★

Steven Anthony Ballmer

Microsoft. Bellevue, Wash. 34. Married. Son of Swiss immigrant. Grew up Detroit; father worked for Ford Motor Co. Steven, while Harvard undergrad, lived down hall from William Gates *(which see)*. Assistant product manager Procter & Gamble. Year at Stanford Business School. Got call 1980 from classmate Gates; dropped out of B-school to be first employee Microsoft other than computer programmers. Currently senior vice president in charge of systems software group (MS-DOS, etc.). Received 1.7 million shares when Microsoft went public 1986; bought 950,000 on open market when the stock dipped in April 1989. Estimated net worth: over $445 million.

Francesco Galesi

Real estate, telecommunications. NYC. 59. Divorced, remarried; 3 children. Middle of 5 sons of Italian real estate broker. Princeton. Built shopping centers with family, including one on former city dump, 1960. Developed mammoth industrial complex from Army supply depot near Albany, N.Y.; now worth $100 million. Built offices, malls, owns 2,000-acre Jamaican plantation. Moved into telecommunications. Purchased Teltec Saving Communications for $20 million, merged with Telus 1988. Merged Telus with Advanced Telecommunications 1989, now sixth-largest long distance company; Galesi owns 23%. Also 60% Telesphere. Fortune estimated at $435 million.

★

Jack Crawford Taylor

Enterprise Rent-A-Car. St. Louis. 68. Divorced, remarried; 2 children. Car salesman, then sales manager for Cadillac dealer; started own leasing business with financial backing from boss in walled-off section of body shop 1957. In early 1960s added best part: insurance replacement rentals, now 75% of rental business. National expansion drive 1970s, starting with South; temporarily derailed by energy crisis but last losing month 1974: diversified into non-auto (candies, coffeemakers, etc. now 10% of sales). Forecast: over $800 million revenue, near 20% growth; plans to be in all major cities by 1992. Avoids brutally competitive airports. Jack's 85% worth $435 million.

Bob John Magness

Cable TV. Englewood, Colo. 66. Widowed, remarried; 2 sons. Oklahoma-born, worked as roughneck cottonseed buyer. Pioneered bringing television to small rural towns via cable. With late wife Betsy mortgaged house, sold cattle to invest in first Texas Panhandle cable system, 1956. By 1979, Tele-Communications (TCI) had revenues of $92 million. Hired cable wiz John Malone. Under Malone, TCI became largest U.S. operator cable systems (controls more than 12 million subscribers), 1989 revenues over $3 billion. Magness still involved in policy decisions, extremely private. Raises Arabian horses, collects western art, watches TCI stock. That and other investments worth $435 million.

[redacted]

Claude Bernard Pennington

Oil & gas. Baton Rouge, La. 90. Married, 1 son (killed in oil rig accident 1958). Father was eye, ear, nose and throat doctor. Followed Dad's lead, studied optometry in Chicago, joined family practice 1925. After father died "Doc" left medicine for oil business. Endured dry holes in Tuscaloosa Trend; hit first big gusher in 1952. Late 1970s made deep drilling economic; major oil companies flocked to Doc's field. Today has interest in at least 100 fields. Says he's taking it easy: now "only" working half day on Saturday and briefly on Sunday as opposed to old 7-day-a-week schedule. Donated over $125 million to LSU for Biomedical Research Center. Believed worth more than $430 million.

[redacted]

Grover Connell

Equipment leasing, food. Westfield, N.J. 72. Married, 3 children. Navy WWII. Took over family Connell Rice & Sugar Co., built to largest U.S. independent rice and sugar trader/broker. Once dominated foreign aid rice exports; market share now fallen to 25% total U.S. rice exports. Began equipment leasing business 1973 (railroad equipment, aircraft, power plants); now over $1.2 billion assets. Developing 170-acre New Jersey office park. Well-connected Democrat; reputation as one of nation's largest donors of politicians' speaking honoraria. Charges of illegal activities with Korean wheeler-dealer Tong-sun Park dropped 1979. Lives modestly; sent kids to public schools. Fortune estimated to be at least $430 million.

[redacted]

Arthur Bejer Belfer

Oil, real estate. NYC. 83. Widowed, remarried; 3 children, 2 stepchildren. Polish immigrant came to U.S. during WWII, made sleeping bags for Army until 1952. Discovered profits of oil and gas business; made transition; took company public as Belco Petroleum Corp. 1959. Developed large resource base in Peruvian oil; Israeli oil venture a dud. Diversified into coal mining. Friendly takeover by InterNorth 1983. Merged with Houston Natural Gas Corp. 1985. Belco of Peru nationalized, cutting off half Belco's production capacity. Name changed to Enron Corp. 1986. Arthur chairman emeritus; son Robert, 55, on the board. Fortune estimated $430 million.

[redacted]

Michael Robert Forman

Real estate, movie theaters. 55. Bel Air, Calif. Divorced, remarried; 2 sons, daughter from first marriage. Father started drive-in empire 1940s. Bought vacant land for theaters near soon-to-be-completed Los Angeles freeways. What some called "Forman's folly" proved golden goose: land—perfect sites for shopping centers, etc.—appreciated several hundredfold. Also slowly expanded into walk-in theaters around California, elsewhere. Died 1981. Son Michael, very private, reportedly philanthropic, passed active management of family fortune to money manager Jim Cotter. Good move: with Cotter's help, canny investments, Forman believed to be worth over $425 million.

[redacted]

Charles Allen Jr

Herbert Allen

Herbert Anthony Allen

Stock market, real estate. NYC. Charles: 87. Divorced, remarried; 3 children by first marriage. Brother Herbert: 82. Widowed, remarried; 2 children. Charlie reared in Manhattan cold-water flat; high school dropout. Started bond trading age 19 with $1,000 and two phones; brought in Herb 1928. Made and lost first million by 1929. Herb's shrewd Depression trading kept Allen & Co. afloat. Since 1930s investments in cheap, unlikely firms paid off in record profits. Herb (now semiretired) put $3 million in Benguet Mining, yielding over $45 million. Charlie's coup: $1 million in Syntex 1958, now worth $360 million. Invested heavily with real estate dynamos Arthur Rubloff (dec.), A.A. Taubman *(which see)* and Bernard Mendick. Herb's son Herbert A.: 49. Divorced, remarried; 4 children. Joined business 1962; defied elders' advice, bought 6% Columbia Pictures 1973, made $40 million selling to Coca-Cola 1982, another $70 million selling rest to Sony 1989. Allen & Co. Inc. secretive, entrepreneurial; partners bill one another for time, advice; buy own office furniture; invest own money before Allens buy in. Holdings in over 200 companies, real estate make Allens' shared fortune at least $1.26 billion.

[redacted]

Sigfried Weis

[redacted]

Robert Freeman Weis

Cousins. Weis Markets. Founded 1912 as neighborhood grocery store in Sunbury, Pa. by respective fathers. Now 120-store chain (5 to be opened in 1990), sales over $1.2 billion. Mostly Pa., some stores N.Y., W.Va., Md., plans for northern Va. Sigfried: "We are devoted to expansion." Famously high margins (6.7% net for 1989) for industry. Strict cost controls, no debt. Applying successful methods to in-house drug stores: "We think that pharmacies belong in a supermarket, it saves people from making other stops and . . . our prices are lower." President Sigfried: Lewisburg, Pa. 74. Married, 3 children. Interests include education and health care; past chairman Bucknell University, current chairman Geisinger Medical Center (largest U.S. rural hospital). Sigfried, largest stockholder in Weis Markets, is worth over $420 million. Vice President Robert: Sunbury, Pa. 71. Married, 3 children; worth over $355 million; sister Ellen (Wasserman) worth another $114 million.

Aw! T'Hell with the DEPRESSION
Our Birthday Wish for You

The OK Committee of Hallmark Cards, 1947. Approval from the committee, with company founder, Joyce C. Hall, seated center, was required for everything designed for the company. With his greeting cards featuring the greeting already written, Hall packaged, in effect, convenience food for the emotions.

George L. Lindemann

Cable TV, cellular phones. Greenwich, Conn.; W. Palm Beach, Fla. 54. Married, 3 children. NYC born, Wharton 1958, into family cosmetics business. Formed pharmaceutical company through acquisitions, sold to Cooper Labs for $75 million 1971. Dove into cable with no prior experience: "I was looking for something new to do." Bought franchises N.J., Pa., Fla., etc.; sold to Newhouses (*which see*) for $260 million 1981: "It got a little boring, no challenge left in it." Kept mobile radio. Limited partnership with Bass brothers (*which see*) Metro Mobile CTS; took public 1986. Initial $4 million investment became most of estimated $420 million net worth. "New technologies will come."

Leonard Samuel Skaggs Jr.

American Stores Co. Salt Lake City. 67. Married, 4 children. Grandfather Samuel started Skaggs Cash Stores, Idaho, 1915. Taken over by 6 sons; later became Safeway. Skaggs acquired Payless Drug Stores, Utah, 1939. Leonard Jr. took over at age 26, 1950. Partnership with Joe Albertson (*which see*) 1969 pioneered one-stop drug/grocery store. Amicable split 1977. Through acquisitions, built $22 billion (sales) firm. Key acquisitions include Jewel Cos. 1984; Lucky Stores 1988. Known to employees as The Wizard. Likes privacy. Stake in largest food/drug chain worth $415 million. "Any real good businessman has a streak of barracuda in him, and so does Sam."

Gordon Earle Moore

Intel. Santa Clara County, Calif. 61. Married, 2 children. U. of Calif., Berkeley B.S.; Caltech Ph.D. chemistry and physics 1954. Worked with William Shockley (co-inventor transistor) 1956. Member of "Gang of Eight" company, founded Fairchild Semiconductor 1957; produced first commercial integrated circuit 1959. With Robert Noyce founded Intel 1968; invented microprocessor 1971; remains world's largest producer. Chairman and CEO 1979; stepped down 1987. Signed lucrative contract to supply IBM PC microprocessors 1981; sales quadrupled to $3.1 billion 1989. Proponent of U.S. consortium to pool research and development. Share of Intel stock, etc. worth $405 million.

William Russell Kelly

Kelly Services, Inc. Troy, Mich. 84. Married, 1 son. Father, international oil pioneer, died 1928 leaving 7 children, no estate. Kelly dropped out of University of Pittsburgh to support family. Car salesman; Army fiscal analyst WWII; accountant. Foresaw need to staff new office business machines with trained operators. Moved to Detroit, founded Russell Kelly Office Services 1946: "I thought the automobile business would require a mass of paperwork." Proved right. Went public 1962; now over 950 offices worldwide, sales $1.35 billion. Employed over 580,000 people 1989, as temps. Adopted son, Terence Adderley, president, chief executive officer. Kelly's stock worth over $405 million.

William Alfred Cook

Medical supplies. Bloomington, Ind. 59. Married, 1 son. Illinois boy drove cab, Northwestern grad 1953. Worked 5 years as salesman for American Hospital Supply in Chicago. Left to form own hypodermic needle manufacturing company. Tired of big city, sold company, packed family into Corvair, moved to Bloomington 1963. With $1,500, bought soldering iron, blowtorch, plastic tubing, made then-new cardiovascular catheters. Today, Cook Group also makes pacemakers, urological supplies, etc.; insurance sideline. Also extensive Bloomington real estate. Worth more than $400 million; he vigorously denies estimate.

The Forbes Four Hundred

+$400,000,000

[redacted]

Lawrence Fisher

Zachary Fisher

Brothers. Real estate. NYC. Larry: 80. Zachary: 79. Both married, 1 child each. Third-generation New York real estate family. Larry: "We've been in business for over 100 years." Two brothers started in Philadelphia, 1926, buying bank building; then Queens apartments over next two decades. Built, ran prime midtown office towers 1960s. Now near 7 million square feet in 5 class A buildings, including Burroughs Bldg., Burlington House, Park Ave. Plaza. Willing to wait years for perfect location to build. Larry: "I don't have to build just to build; if the timing is right we will do it. A sensible company does not build just because the bank will loan the money." Played stock market with excess cash 1980s: pocketed about $60 million from runs on Disney, CBS. Larry denies last year's characterization as Yankees fanatic: "I can't get past the fourth inning in baseball. Football I like." But his box at the Stadium is next to George Steinbrenner's. Together brothers worth $800 million.

[redacted]

Stanley Irving Stahl

Real estate. NYC. 66. Divorced, remarried; 1 son, 2 stepchildren. Began as broker 1947, bought first Manhattan apartment building with commissions 1948; added more. Staked everything 1962 to build 1.5 million square feet at 277 Park Avenue; now Chemical Bank Building, worth almost $400 million. Also interest in several NYC office buildings, 3,000 apts. (not co-oping: "too much of a hassle"). Recently reported under investigation for tax fraud, accused of responsibility for collapse of ceiling in ill-kept Ansonia Hotel (killed a ballerina). In recent $174 million hostile bid for Apple Savings Bank. Fortune estimated over $400 million.

[redacted]

James Emmett Evans

Citrus. Dade City, Fla. and Highlands, N.C. 90. Widowed, remarried, divorced; 1 son, 1 daughter. Former Georgia Ford salesman drove Model T to Florida with $500. Bought first orange groves mid-1920s; became mayor Auburndale 1925. Quit politics 1930 "to tend to my own business." Tended until one of largest independent growers: over 33,000 acres orange, grapefruit groves. Coming off "best year ever," preparing to plant 6,000 additional acres in 4 years. Known as "The Wheel" for his love of wheeling and dealing. Daily gin rummy game with same card-playing pals for 40 years. Retreats to N.C. "playhouse" 5 months a year. Net worth over $400 million.

[redacted]

Roy Michael Huffington

Oil. Houston. 72. Married, 2 children. Geology Ph.D. Harvard, rose to chief Gulf Coast geologist Humble Oil (now Exxon). Abandoned safe corporate womb to prospect 1956; moderate success for 12 years. Then tipped off to Indonesia: formations reminded him of southern Louisiana. Took rights to explore from government with terms majors wouldn't accept. Gave up shares but insisted on remaining operator; major gusher 1972 made it worthwhile to have only 17%. Quietly acquired equivalent of 11 blocks downtown Houston 1980s; this year cashing out: "I'm already overdue for retirement." New ambassador to Austria. Netting estimated $400 million to get by on.

[redacted]

Guilford Glazer

Real estate. Beverly Hills. 69. Divorced, remarried; 2 children. Worked in father's Knoxville, Tenn. welding shop; George Washington and U. of Louisville; Navy WWII. Expanded family business into sizable structural steel operation. Building career launched with apartment building for widowed mother 1950. Shopping centers next: Oak Ridge, Tenn. 1954, sold 1989 for $45 million. Sold other centers in Ohio, W. Va., Pa. Moved to LA for climate and business opportunities. Opened nation's largest mall, LA's Del Amo Fashion Center, 1971, 3 million sq. ft. "It's like running a city." Active in U.S. and Israeli political affairs. Net worth estimated $400 million.

[redacted]

Mark Les Goodson

Game shows. NYC, Beverly Hills. 75. Thrice divorced, 3 children. Son of Russian immigrant who opened first health food store in Berkeley, Calif. Mike-fright ended radio announcer hopes; produced radio soaps. With partner Bill Todman (d. 1979) did game shows 1940s. Entered television 1950 with *What's My Line?*: "I gave it 10 weeks." Later, *I've Got a Secret, The Price is Right, Password, Family Feud,* etc., etc. Profits plowed into newspapers; now chain of 60, most small town, some bigger towns. Managed by Ralph Ingersoll Sr. and son for three decades; acrimonious breakup 1989. Goodson untouched by Ingersoll's junk bond woes; fortune estimated at $400 million.

[redacted]

John Edward Anderson

Beverage distribution, real estate. Bel Air, Calif. 73. Widowed, remarried; 4 children. Peddled popcorn outside dad's Minnesota barbershop. UCLA hockey scholarship 1936; Harvard M.B.A.; night law school Loyola. Cofounder Kindel & Anderson law firm 1953; learned business from beverage distributor clients 1950s. Formed Ace Beverage, got Los Angeles rights to then minor brand, Budweiser. Parent company Topa Equities now includes banks, insurance. Purchased First Business Bank (LA) 1989 for $86 million: "Price has never been the utmost item to me in making a deal." Low key, but blew cover with $15 million UCLA gift 1987. Nurtures fortune estimated over $400 million.

[redacted]

Jack Monteith Berry

Citrus. Winter Haven, Fla.; Blowing Rock, N.C. 73. Married; son, 2 daughters. Tennessean took lessons to lose accent; to NYC age 22. Successful fruit broker: earned $75,000 a year 1940s, age 30. To Florida 1960s, bought orange groves at "outlandish" $1,500 an acre; now average $12,000 an acre. One of last, biggest independents: over 20,000 acres mostly south of freeze zone; 3 plastics plants; box plant. "Hurricanes, floods, freezes, disas-

The birthplace of Silicon Valley. This garage in Palo Alto, where Bill Hewlett (standing) and Dave Packard started in 1939 with $538, is a designated landmark. Classmates at Stanford, Hewlett was the inventor, Packard the manager. Their first product, an audio oscillator, was an immediate success; Walt Disney used it in making Fantasia.

ters. I'd get out of the business if we didn't have them." Half-hearted attempts to sell company; claims low Forbes Four Hundred estimate kept potential buyers from taking him seriously. Now says son wants to keep the business. This year's "low" estimate: $400 million.

Malcolm Austin Borg

Publishing, TV. Englewood and Spring Lake, N.J. 52. Married, 3 children. Grandfather John wealthy Wall Street stockbroker, bought into Bergen County (N.J.) Record 1922; wholly owned by family since 1930. From small country daily to suburban powerhouse (Sunday circ. 230,000). Malcolm took over 1971; brother sold out amicably 1982. Macromedia Inc. now also owns Woodbridge (N.J.) News-Tribune and 4 TV stations. Son John, 28, COO for the Hongkong Standard; probable successor. Newspaper ads getting hard to find: "We're beating the bushes where we haven't beaten before." Thinks papers' value down more than 10% in Northeast. Fortune still estimated $400 million or more.

Seymour Cohn

Real estate. Palm Beach County, Fla. 80. Widowed, 2 children. Great-grandparents left Germany, settled NYC 1860s. Tried real estate; became familial calling. Seymour quit Rutgers 1931, joined family firm. Younger brother, Sylvan Lawrence, joined him 1946; firm put in Sylvan's name for good luck. Seems to have worked: took chances—bought risky properties that lost in short term but gained in long term. Bought old Port Authority Building for $26 million 1973; now worth at least $250 million. Brothers controlled some 120 buildings mid-1970s. Since Sylvan's death 1981, sold properties worth over $800 million. Seymour's half of fortune at least $400 million.

Alpheus Lee Ellis

Banking, real estate. Tarpon Springs, Fla. 84. Widowed; 1 daughter, 3 granddaughters. "Dean of Florida banking" bought first bank 1943. Slowly acquired, with wife, 15 Fla. banks, formed Ellis Banking Corp. 1972. Merged with NCNB 1983 for 4 million NCNB shares (now largest stockholder), plus lifetime guarantee of job, car and driver, personal secretary and office. Also has acquired west Florida real estate estimated at $100 million. Still works 6 days a week. "I don't do anything but work: I used to play golf. I made a hole in one once, so I quit." No debt: "I am 84 years old, I ain't got any business being in debt." Worth over $400 million.

Cyril Wagner Jr.

Jack Brown

Partners. Oil, investments. Midland, Tex. Wagner: 56. Divorced, remarried; 5 children. Brown: 65. Married, 3 children. Wagner, geologist, and Brown, engineer, formed Wagner & Brown Oil Properties 1962; sealed partnership with handshake. Built up huge oil reserves using complementary backgrounds, taking some risks, especially in Conger field in west Texas. As oil bust loomed, diversified out of oil in early 1980s into plastics, plastics mfg. equipment. Became part of takeover game with T. Boone Pickens in failed Gulf bid 1984, made $70 million. Also in on Pickens' runs at Unocal, Phillips Petroleum. Formed Desert Partners 1984; long string of failed takeovers until $813 million purchase of Insilco, 1988. Obsessively private, concerned for safety of families. Partnership estimated to be worth over $800 million.

M. Larry Lawrence

Real estate. San Diego. 64. Twice divorced, remarried; 3 children. Chicago boy, worked in deli age 9: "You develop a work ethic." Played pro football, worked as carpenter, then built homes himself. Headed to booming San Diego 1951 "to build." Bought dilapidated Hotel del Coronado to get land 1962; cost, under $10 million. Saw his future: "I found myself in a romance with a hotel." Scrapped demolition, began repairs, achieved "black lines" after 10 years, over $100 million investment. Today, principal asset. Democratic National Committee member 20 years, still active fundraiser. Net worth estimated $400 million. "I've always been a deal junkie, but I'm doing less of that."

Steven Paul Jobs

Computers. Woodside, Calif. 35. Single, 1 daughter. Reed College dropout after semester trying LSD, Eastern philosophy. Briefly designed Atari videogames. Met computer genius/pal Stephen Wozniak, together designed primitive home computer (Apple I) 1976. Led to Apple II 1977; made computer history. Recruited corporate-style chief executive, John Sculley, who forced Jobs out 1985. Sold Apple stock for $133 million. Now pushing Next Computer, Inc. Says high-quality workstation (fine graphics, optical storage) is "next wave." Big-time Next investors (Canon, Ross Perot, others) betting on Jobs. Their bet says that Jobs is worth at least $400 million.

Anthony Martin Pilaro

Duty Free Shoppers. NYC. 54. Married, 2 sons. Born NYC, U. of Va. undergrad, and law school 1960. Worked for Nassau-based Butlers Bank 1960s, met future fugitive Robert Vesco there; consultant to Vesco after his takeover of Bernie Cornfeld's Investors Overseas Services early 1970s. Early investor with Charles Feeney *(which see)* in Duty Free Shoppers. Sales now estimated $2.6 billion, up despite increased competition, lower Japanese spending. Low profile; home in Southampton, N.Y.; chalet in Gstaad. Also runs New York real estate investment firm CAP Properties. Believed to hold at least 10% of Duty Free Shoppers, worth over $390 million.

Wilton Robert Stephens

Jackson Thomas Stephens

Brothers. Investment banking, etc. Little Rock, Ark. Witt: 83. Widowed, remarried; 3 children. Jack: 67. Divorced, remarried; 5 children. Witt peddled belt buckles and Bibles, then switched to municipal bonds 1933. Bought at low Depression prices, sold high. Bought natural gas producer 1953 to mine rich Arkoma Basin; now at least 150 billion cubic feet in reserves—could top 1 trillion. Brother Jack built Stephens Inc. into third-largest investment house off Wall Street; underwrote Wal-Mart 1970, helped Tyson Foods' takeover of Holly Farms 1989, etc. Brothers Arkansas political kingpins; Jack major fundraiser for Annapolis classmate Jimmy Carter 1976, 1980. Large stakes in Worthen Banking; Alltel; Beverly Enterprises. Stephens Group also holds investments in miscellaneous operating companies, often mixing politics and business. "Granddaddy of them all," cigar-chomping Witt still works full day at the office. Jack chairman; son Warren, 33, president, chief executive officer. Two brothers, families share fortune estimated at $760 million.

Walter Herbert Shorenstein

Real estate. San Francisco. 75. Married; 1 daughter, 1 son. Son of Long Island clothier. Air Force, then real estate broker for SF firm 1946. Became partner 1951, bought company outright 1960, after death of founder. Built into major player in SF real estate: bought famous Bank of America building 1985 for $660 million (almost all debt), but much equity in over 2.5 million square feet other office space; 3 theaters. Also building-management firm, runs 15.5 million square feet office space. Big-time Democrat backer. Daughter Carole successful stage producer (Tony award-winning *Fences*, etc.). Grooming son as successor. Worth over $375 million, he estimates $380 million.

Stanley Stub Hubbard

Broadcasting. St. Mary's Point, Minn. 57. Married, 5 children. Father Stanley Eugene, 93, founded first (but unsuccessful) U.S. commercial airline. Built one of Minneapolis' first radio stations 1923 (WAMD—"Where All Minneapolis Dances"), added TV 1948. Son Stanley Stub took over 1981 after Dad's stroke; Hubbard Broadcasting now 9 TV, 2 radio stations; aggressively expanding into satellite TV. Owns transponders; Conus satellite news service with at least 135 member stations; invested $100 million All News Channel joint venture with Viacom; also 20 channels on future Sky Cable network. "I'm always working, always on the phone." Worth at least $380 million.

William Shivers Morris III

Newspapers. Augusta, Ga. 56. Married, 3 children. Father rose from bookkeeper to sole owner Augusta Chronicle 1955. Expanded; passed to family after death 1967. "Billy" bought out brother, sister, mother after lengthy lawsuit; founded Morris Communications 1970. Brother Charles started noncompeting chain, but Billy's bigger: now 12 dailies, 5 weeklies, billboards, printing companies, etc. Gambled on highly leveraged $210 million purchase of Jacksonville papers 1982. Again 1985: large billboard firm, Naegele, for estimated $300 million. Total revenues about $400 million, but says one executive: "We're suffering like everybody else from soft advertising." Estimated $380 million.

Theodore Nathan Lerner

Real estate. Chevy Chase, Md.; Palm Springs. 64. Married, 3 children. Father born Palestine; became clothing salesman in Phila. Ted, after Army, law school, started selling suburban homes; then began building subdivisions. At age 32, invited by local landowner Isadore Gudelsky, now dead, to codevelop 1-million-sq.-ft. D.C. mall called Wheaton Plaza. Success bred more malls; branched into suburban, downtown offices. Now, major downtown D.C. buildings (e.g., Washington Square); over 5-million-sq.-ft. complex, including Galleria Tysons II mall, McLean, Va.; 5,500 acres around Dulles Airport, partially zoned for large enclosed mall. Worth at least $380 million.

[redacted]

John Thomas Lupton

Elizabeth Lupton Davenport

Brother and sister. Coca-Cola bottling. Grandfather John T. (d. 1933) got right to distribute Coca-Cola 1899. Used part of patent medicine fortune to finance first Coke bottling plants. Father Thomas Cartter bought, sold Coke franchises at frantic pace, built up. John: Lookout Mountain, Tenn. 64. Married, 4 children. Started as bottle washer; ran JTL from father's death 1977. Former Coca-Cola board member (to 1983), sold JTL, by then largest U.S. bottler, to Coca-Cola 1986 for $1.4 billion. After JTL sale, John's half netted some $325 million. Integrally involved in River City Co., estimated $750 million revamping of downtown Chattanooga. Sister Elizabeth: Lookout Mountain, Tenn. 57. Divorced, remarried; 3 children. Fortunes each estimated worth $375 million. Very private.

[redacted]

Harry Howard Hoiles

Mary Jane Hoiles Hardie

Publishing. Brother and sister; children of Raymond C. Hoiles (d. 1970), $2-a-week printer's assistant who bought Bucyrus (Ohio) Telegraph-Forum 1927, Santa Ana Register 1935. Freedom Newspapers now 27 dailies, 27 weeklies, 5 TV stations and OCN, 24-hour Orange County news channel. Used papers to spread libertarian philosophy; opposed taxes, public schools, etc.; escaped 2 bombing attempts. Chose name "because freedom will live forever and the Hoiles name will be forgotten in a short time." Descendants doing best to attain obscurity. Three children inherited; son Clarence headed company until death 1981 led to family dispute. Harry: Santa Ana, Calif. 74. Married, 3 children. Sued for control of Freedom 1982, offered to buy outright for $1.01 billion 1985. Mary Jane: Marysville, Calif. 68. Married, 4 children. Husband Robert Hardie: chairman. Hardie family and Clarence's heirs unwilling to sell or split up chain. Three branches share company; worth estimated $375 million each. "Nobody can hate each other the way a family can."

Philip Knight crossing the finish line in his track days. Back then sneakers came in only two styles, high-top and low-top. But Knight combined cheap Far Eastern production with innovative design and adroit marketing to turn athletic shoes into a major growth industry. Nike—after the Greek goddess of victory and athletic contests—soon ran away from the competition in the 1970s. With strong competition from Reebok and L.A. Gear, among others, the 1980s were tougher, but Nike has caught its second wind in the last couple of years.

[redacted]

Charles Francis Dolan

Cable TV. Oyster Bay, N.Y. 64. Married, 6 children. Raised Cleveland, to NYC 1952; made industrial films. Saw cable TV potential, began wiring NYC hotels 1960; won Manhattan franchise 1965. Founded Home Box Office (HBO); sold to Time 1973. Some say he sold too soon; but they didn't go on to build Cablevision systems, now over 1.5 million subscribers. Through Cablevision, moving beyond cable: partner in billion-dollar direct broadcast satellite system, Sky Cable, with NBC, Hughes Communications and News Corp., divided evenly among partners. Startup due 1994. With Cablevision and owned cable franchises, worth some $375 million.

[redacted]

Mortimer Benjamin Zuckerman

Real estate. NYC, Washington, D.C., Aspen. 53. Single. Born Montreal, father a candy and tobacco wholesaler; 2 law degrees (including Harvard), Wharton M.B.A. Joined Cabot, Cabot & Forbes 1962, made $5 million within 5 years, left to launch Boston Properties 1970; Edward Linde joined same year. Built warehouse, office space Boston, Washington, D.C. 1970s. Later NYC. Now over 11.5 million square feet. Developments for NASA, Comptroller of Currency, federal judiciary in works. Second career, publisher: bought Atlantic Monthly 1980; U.S. News & World Report (with real estate) 1984. Aspired to become "a voice in public affairs." Continuing editorial turnover. Net worth estimated at $375 million or more.

[redacted]

Katharine Graham

[redacted]

Donald E. Graham and family

Mother and son. Washington Post Co. D.C. Kay: 73. Widowed, 4 children. Father Eugene Meyer bought bankrupt Post 1933; created morning monopoly. Husband Philip took over 1946. Took daily into black and expanded. Bought Newsweek 1961. Fell into mental illness; suicide 1963. Then timid housewife Kay forced to assume reins of company. Turned out to have, in words of Post editor Ben Bradlee, "the balls of a burglar." Made Post into great paper and business. Stood by Woodward and Bernstein during early, lonely days of reporting Watergate. Withstood violent pressmen's strike 1975; broke union. Led acquisitions of TV stations, cellular franchises. Donald: 45. Married, 4 children. Harvard, editor of Crimson 1966. Volunteer enlisted man Vietnam; returned, joined D.C. police department as patrolman 1969. Post city reporter Mom's paper by 1971; sports editor; publisher 1979. Slowly making mark: chose Len Downie Jr. as Bradlee's successor. Cautiously opening new bureaus and modernizing production. Kay, Donald, have Post shares worth over $630 million.

Richard Allen Smith

General Cinema Corp. Chestnut Hill, Mass. 65. Married, 3 children. Father Philip founded company 1922, opened his first drive-in theater 1934, died 1961. Richard joined 1946 after Harvard. Pioneered multiple-screen theaters, expanded GCC to 1,488 screens, 314 locations. Built up, ran, then sold largest independent Pepsi-Cola bottler, for $1.77 billion cash ($850 million profit) 1989. Company owns 60% Neiman Marcus Group, 17% Cadbury Schweppes. "We've always been driven by the search for value, not the need to build an empire." Philanthropist, golfer, tennis player. "A private man who has no ego need for publicity." His shares worth $370 million.

Jane Bancroft Cook

Inheritance. Cohasset, Mass.; Sarasota, Fla. 78. Thrice widowed, divorced; 3 daughters. Only living grandchild Clarence Barron, creator Dow Jones empire (bought Wall Street Journal, Dow Jones ticker from Charles Dow 1902); died 1928. Jane once avid sailor, rider; acted with Humphrey Bogart in summer stock. Director Dow Jones 1980-85, "a zealous guardian of the journalistic independence of the Journal." Life marked by tragedy. Reclusive, active philanthropist. Shares Dow Jones stock with nieces and nephews, heirs of two deceased siblings (nephew William Cox Jr. on Dow Jones board). Jane's one-third worth $365 million; three branches together share fortune of $1.1 billion.

Daniel James Terra

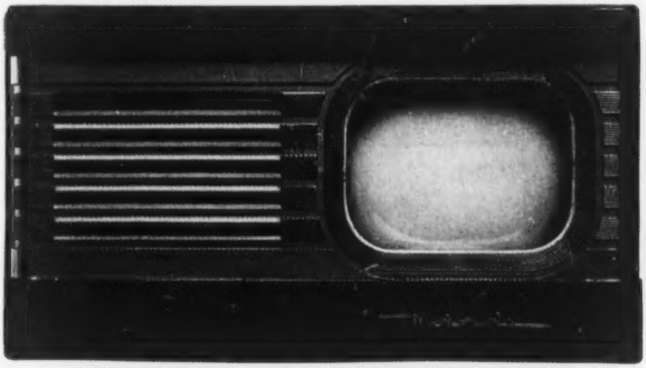
Lawter International. Chicago. 79. Widowed, remarried; 1 son. Son of Italian immigrant lithographer. Chemical engineering degree Penn State 1931, but in Depression had to live singing in speakeasies, radio. Developed high-speed print process 1936: printing of magazines became possible in 24 hours. Borrowed $2,500 to found Lawter Chemicals, specialty printing ink firm, 1940. Consultant's advice to delegate management sparked success 1955. Wife started interest in American art 1960s. Opened Terra Museum of American Art Chicago 1988. Reagan finance chairman 1980; named first ambassador-at-large for cultural affairs. Believed worth at least $365 million.

Lawrence J. Ellison

Oracle Systems. Atherton, Calif. 46. Divorced, 2 children. Theoretical physicist (M.S., U. of Chicago). With $2,000, systems designer Ellison cofounded computer software supplier Oracle. Incredible success: 1981 sales $1 million; 1989, $584 million. Other side of 100%-a-year growth: complaints about product quality, service, etc. Ellison: "One of the things we are doing is putting a renewed focus on quality. . . . Absolute maximum growth is probably incompatible with maximum quality." But wants largest database management software company after IBM: "It's very possible we may achieve that this [summer] quarter." They did, but overdid: earnings fell, stock tanked. His 27% recently worth $365 million and falling.

Jane B. Engelhard

Inheritance. Far Hills, N.J. 72. Twice widowed, 5 daughters. Left war-torn Europe for Buenos Aires with "nothing but our passports and our personal belongings." Second husband, "Platinum King" Charles Engelhard Jr., built $300 million estate from precious metals business. Couple worldwide jet-setters, numerous houses, including South Africa; Charles died 1971. Jane retired socialite, entertains discreetly in N.J. home "Cragwood." Collects rare books, documents, owns original proclamation of Louisiana Purchase, signed by Thomas Jefferson. Very quiet. Estimated worth at least $360 million.



Motorola Corp. founder Paul Galvin had an early winner in 1930 with the first affordable car radio. Seventeen years later the company produced the first television set to retail for less than $200 (the equivalent in today's money of about $1,060). Priced within reach of the middle class, TV transformed the nation's living rooms and the world's culture.

[redacted]

Oakleigh Blakeman Thorne

Commerce Clearing House. Millbrook, N.Y. 58. Divorced, remarried; 3 sons, 1 daughter. Thrifty namesake great-grandfather bought CCH 1907, 6 years before federal income tax law. Company became largest publisher updatable tax guides for law, accounting, government professionals. Chief subscriber: IRS. Oakleigh not in day-to-day management: "I don't really have a management function." Visits Riverwoods, Ill. office once a month. Oldest son, Oakleigh, 33, oversees Thorne's legal information services group out of Chicago, aspires to CEO. Chairman Oakleigh lives at family's 200-year-old, 700-acre farm, "Thorndale," raises Thoroughbreds, orchids. Total wealth exceeds $360 million.

[redacted]

Eli Broad

Kaufman & Broad, Broad Inc. LA. 57. Married, 2 children. Built first houses (with partner Don Kaufman) on $25,000 loan from in-laws 1957. Rapid growth to 1973 (housing sales $264.4 million). Focuses on two markets: Calif., France (where third largest). Added insurance to hedge real estate cycles. Spun off real estate 1989 as Kaufman & Broad Home Corp. "After more than 25 years in home building I've done it all and the thrill was gone." Buying up struggling financial services companies, e.g., Integrated Resources; plans single-premium-annuity giant. Active collector contemporary art, private developer Sacramento area, LBO investor. Believed worth over $360 million.

[redacted]

Norton Clapp

Inheritance. Seattle. 84. Twice divorced, widowed, remarried; 6 sons (3 deceased), 5 stepchildren. Grandfather Matthew G. Norton cofounded lumber company to supply homesteaders; put up $1.2 million to start Weyerhaeuser Co. Father Eben Clapp married 2 Norton daughters, making Norton Clapp principal heir, largest Weyerhaeuser shareholder. Law degree 1928; Navy WWII. Dabbled in law, real estate; active in timber 1955. President Weyerhaeuser 1960-66; chairman to 1976. Stepson Booth Gardner Wash. governor. Norton seen as reclusive Northwest power. Controls assets worth over $350 million. Shares family trusts believed worth over $650 million.

[redacted]

Irénée du Pont Jr.

Irene Sophie du Pont May

Margaretta Lammot du Pont Greenewalt

Constance Simons du Pont Darden

Eleanor Francis du Pont Rust

Mariana du Pont Silliman

Octavia Mary du Pont Bredin

Lucile Evelina du Pont Flint

and families

Brother and sisters. Inheritance. Children Irénée Sr. (d. 1963), president Du Pont Co. 1919-26 *(see other du Ponts, family).* Irénée Jr.: Montchanin, Del. 70. Married, 5 children. With Du Pont Co. 32 years, retired as senior VP 1978. Retired from board in April, still on boards Wilmington Trust, Longwood Foundation. Oversaw merger Christiana Securities with Du Pont 1977, which effectively ended traditional family control of companies. Irene Sophie (Mrs. Ernest May): Wilmington. 89. Widowed, 4 children. Margaretta Lammot (Mrs. Crawford H. Greenewalt): Greenville, Del. 88. Married, 3 children. Husband president Du Pont 1948-62. Constance Simons (Mrs. Colgate W. Darden Jr.): Norfolk, Va. 86. Widowed, 3 children. Husband (d. 1981) governor Va. 1942-46. Eleanor Francis (Mrs. Philip Gordon Rust): Thomasville, Ga. 83. Married, 4 children. Mariana (Mrs. Henry Harper Silliman): Hagley, Montchanin, Del. 79. Married, 6 children. Octavia Mary (Mrs. John Bruce Bredin): Greenville. 77. Married, 6 children. Lucile Evelina (Mrs. Robert Baronet Flint): Greenville. 75. Married, 5 children. These 8 siblings and families each have fortune, much in trusts, estimated at $350 million.

[redacted]

Alexis Felix du Pont Jr.

Alice Francis du Pont Mills

and families

Brother, sister. Children of A. Felix du Pont, distant cousin to Pierre *(see other du Ponts, family),* sided with him in family split 1915, rewarded with stake in family holding company Christiana Securities. D. 1948. A. Felix Jr.: Wilmington, Del. 84. Divorced, remarried; 3 children by first wife, 1 by second. Alice (Mrs. James Paul Mills): Middleburg, Va. 77. Married, 3 children. Each branch has trusts, etc., believed worth $350 million. Third branch: widow, children of brother Richard, noted pilot killed in WWII glider crash. Widow Allaire successful horse breeder; among first women admitted to Jockey Club 1983. With children, shares husband's inheritance, trusts.

[redacted]

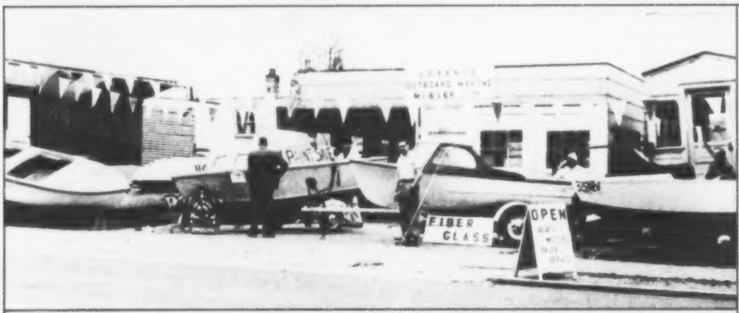
Eugene Paul (J. Paul Jr.) Getty

Inheritance. London. 58. Divorced, widowed; 4 children with first wife, 1 with second wife. Third son oil tycoon Jean Paul Getty *(see Gordon Getty).* Into 1960s counterculture, drugs. Divorced 1965; married Dutch actress 1966. Both addicts; she died heroin overdose 1971. Their son, Tara Gabriel Galaxy Gramaphone, now 22, reportedly seeks movie career. Namesake earlier son kidnapped 1973; ear cut off before grandfather would pay ransom; at 25, stroke from drugs, alcohol: now blind, speechless, paralyzed. Court forced Paul Jr. to pay doctor bills. Paul Jr. now ailing recluse; gives money to British museums, etc., from estimated $350 million share of Getty fortune.

[redacted]

James Elsworth Davis

Winn-Dixie Stores. Jacksonville, Fla. 83. Married; 1 son, 1 daughter. Father William's Idaho general store sold on credit to compete with local Skaggs outlet; failed 1921. Opened grocery store in Lemon City, Fla., strictly cash basis; James kept books. Had 8 stores by 1931. Became Winn-Dixie 1955: "To win Dixie was our ambition."



Advance: Outboard Marine, the forerunner of Bayliner, in 1954. Orin Edson was the Henry Ford of boats, developing much-simplified production techniques that turned what had been a custom craft for the rich into mass production for the middle class. What had been an ordinary outboard motor franchise became the largest manufacturer of pleasure boats in the world.

Today largest nonunion grocer in U.S. James chairman until 1983. One of 20 initial investors American Heritage Life Investment Corp. 1956, chairman until 1986, today vice chairman. Largest Davis family *(which see)* shareholder. Owns game preserve including buffalo, Canadian geese. James' stock, etc., worth $350 million.

Jack Parker

Real estate. NYC; Boca Raton, Fla. 75. Married, 2 children. Former lumber salesman who went into business 1946, sold out 1954 to retire—stood it all of three weeks. Major developer NYC's Queens 1950s; moved into Manhattan, N.J., Fla. Earned estimated $150 million co-oping, invested in suburban office/hotel projects. Built NYC's Parker Meridien Hotel 1981. Grandson Adam Glick heir apparent. Parker philosophy: build lots of small projects instead of one big one (other than Meridien). "We'd rather make a small profit than take a big loss." Now, "I'm trying to find something to do with my money." Maybe acquisitions. Estimated $350 million.

Joseph Dahr Jamail Jr.

Trial lawyer. Houston. 64. Married, 3 sons. Started in D.A.'s office, then small law firm; formed own firm. Took up personal injury, got rich on "sore-back" cases. Got richer from 1987 Texaco-Pennzoil case (estimated $420 million fee, pretax): 1,500 calls next 3 days; now ratio of cases accepted 1 in 300. Self-described "goddamn good" lawyer, personal staff of 3 lawyers, 4 assistants, 4 secretaries. 1990 settlements so far $65 million. Hands out $100 bills to Houston's homeless; but also unpublicized scholarships, grants. Investments in oil and gas, real estate. Visible assets at least $350 million; he has bragged $500 million. "This country doesn't have enough good trial lawyers."

★

Dwayne B. Reinhart

Wholesale food. La Crosse, Wis. 70. Married, 4 children. Three years at Superior State Teachers College (Wis.) interrupted by WWII Air Force tour. Postwar, sales manager wholesale grocer. With partner David Nudd picked up nearly $3 million (sales) Gateway Foods 1956. Bought out Nudd 1979. Nurtured firm's growth to $2.3 billion (sales). Sold Gateway September to Scrivner (American arm of Germany's Franz Haniel & Cie.). Still has businesses to tend: Reinhart Institutional Foods, IGA supermarkets (not included in Gateway sale), Reinhart Investments, real estate. "I enjoy the challenge." After sale, with other assets, net worth estimated to be $350 million.

Patrick George Ryan

Insurance. Chicago. 53. Married, 3 sons. Ambitious son of Milwaukee car dealer. Got Northwestern football scholarship, launched business selling scrapbooks to co-eds. Sought 6-figure income in insurance: Penn Mutual salesman, then started up new idea—sell casualty insurance through auto dealers. Went public 1972, merged with buddy W. Clement Stone, Combined International 1982, got 11%; became CEO, president. Renamed Aon Corp. (Gaelic for "unity") 1987. Chairman 1990. Growth to $9.8 billion (assets) through acquisitions, joint ventures; bid September for Corroon & Black, big insurance broker. Family vacation: hot-air-balloon trip across Africa. Stock, etc., estimated worth at least $350 million.

William Lyon

Real estate. Coto de Caza, Calif. 68. Widowed, remarried; 5 children. LA native, flying at age 16. WWII, Korea, Air Force pilot: rose to two-star general, amassed 17 combat decorations. Career number 2: home building with brother 1950s; chairman, chief executive officer of William Lyon Co., founded 1954, now sales $485 million. Niche: "General" Lyon focused on low-cost homes for first-time buyers. Bought control AirCal 1981 with George Argyros *(which see)*, turned airline around, sold for profit 1986. Chief of U.S. Air Force Reserve 1975-79. Owns 60 classic cars. Commands fortune worth estimated $350 million.

Robert Edward Rich Sr.

Fake cream. Point Abino, Ont.; Palm Beach, Fla.; Buffalo, N.Y. 77. Married, 3 children. Bought own milk company 1935 after learning business from family's dairy company. Idea: "The cow is a very inefficient factory." Pioneered cheaper, soybean-based frozen whipping cream; built niche markets. Coffee Rich creamer 1960. Grew, acquired. Sells mostly to food service industry. Sales $750 million. Says son, Robert Jr., 49, president, "We have had a banner year." Company owns Buffalo Bisons, only minor league team to attract million fans two consecutive seasons. Worth estimated $350 million.

[redacted]

Robert Drayton McLane Jr.

McLane Co. Temple, Tex. 54. Married, 2 sons. Grandfather opened grocery store 1894, began wholesaling 1904. Drayton Jr. assumed day-to-day operations from father, Drayton Sr., 89, in 1965. Built aggressively. Innovative use of computers 1970s kept costs down, facilitated first nationwide system; now 14 U.S. distribution centers. Soon to be international: now building center in Madrid (joint venture). Private company enjoys agility in field that has undergone "immense consolidation." Average annual revenue growth 31% since 1964; 1989 sales $2.7 billion. Active in Baptist Church, other community service. Business estimated about $350 million.

[redacted] ★

Dean Stanley Lesher

Newspapers. Orinda, Calif. 88. Married, 3 children; daughter in business. Son of Williamsport, Md. physician. U. of Maryland, Harvard Law. Trial lawyer 9 years. Represented newspaper clients who "seemed to be doing exceptionally well. I thought the Lord was pointing a flaming finger in my direction to say even you can do well at that." Moved to Calif., consulted with newspaper broker, bought first paper there March 1941. Then, WWII newsprint shortage; "I sat there and bawled like a baby." Beneficent banker kept afloat with loan. From nadir built slowly to 7 dailies, total circulation of 200,000 in Bay area. Today's worry, estate taxes: worth some $350 million.

[redacted]

Richard Edward Rainwater

Investments. Fort Worth. 46. Married, 3 children. Fort Worth native, son of middle-class, Lebanese-Cherokee wholesaler. Math-physics major U. of Texas, then Stanford business school, where met Sid Bass *(which see).* Joined Sid to run $50 million Bass family fortune 1970. Torrent of deals, especially Disney, Texaco. "I've played as many positions in the investment world as there are to play." Left Basses, now billionaires, 1986 to manage own big portfolio: $5 billion LBO of Hospital Corp. of America, many oil-related deals. This year snapped up Penrod Drilling from Hunt brothers bankruptcy. Net worth now reaches $350 million, "As clean and simple as you can have it."

[redacted]

Allen Eugene Paulson

Gulfstream Aerospace Corp. Savannah, Ga. 68. Twice divorced, 3 sons. Poor Iowa farm boy, became TWA mechanic. Army Air Corps WWII. Founded series successful small air-related firms beginning 1951. Pledged airplane conversion company as collateral to buy moneylosing Gulfstream, maker of luxury private planes, 1978, for $52 million: "I jumped in my own Learjet to be the first on the scene." Sold to Chrysler for $636 million 1985; with Forstmann Little bought back for $825 million this year: "Big companies, they have different ways of running things." Planning joint venture with Soviets to build first supersonic business jet. Net worth now estimated at $350 million.

[redacted]

Charles C. Butt

Supermarkets. San Antonio. 52. Single. Baptist grandmother founded grocery Kerrville, Tex. 1905, family lived upstairs. Known as "God's grocer" for not selling liquor. Son Howard renamed chain H.E. Butt Grocery 1935 (today HEB Co.). Grandson Charles bagged groceries at 8; Wharton grad 1959. Pushed aside brother for control. Now $2.7 billion revenues; nation's largest privately owned supermarket chain, competing successfully with national giants: Safeway, Kroger, Albertson's *(which see).* Charles reputedly reclusive, cutthroat executive; concentrates on important things: "The challenge is to get the price of Tide down." Company worth estimated $350 million.

[redacted]

Paul Fireman

Reebok. Newton, Mass. 46. Married, 3 children. Former outdoor recreation director discovered British Reebok at trade show 1979; became U.S. licensee, later bought company. Last year "marketer second to none" took back day-to-day control to get Reebok on top again in athletic shoe market—Nike topped Reebok in 1988 *(see Philip Knight).* Fighting back with new hit, "Pump" line of shoes, introduced 1989, but still trailing Nike. "Making a contribution to the world community" with new award for outstanding advocates of human rights. Award's board of advisers includes Jimmy Carter, rock stars Sting and Peter Gabriel. Stock, etc., worth over $350 million.

[redacted]

Richard Louis Duchossois

Manufacturing, horse racing. Barrington Hills, Ill. 69. Widower; 2 daughters, 2 sons in business. Army WWII, joined father-in-law's small Thrall RR equipment mfg. firm; president 1954. Anticipated RR decline, diversified into ordnance work, etc., renamed Duchossois Industries. Today sales over $725 million. Also estimated $56 million media properties (3 TV, 3 radio). Horse enthusiast: farm, racetracks, etc. Crown jewel, Arlington Park, burned down 1985, one year after purchase. Then, in span of 1989: farm house torched, human skeleton found on farm, million-dollar race abruptly halted by horse injuries. Better luck manufacturing, etc.: total worth estimated $350 million.

[redacted]

Burton Paul Resnick

Real estate. NYC and Rye, N.Y. 53. Married, 3 children. Father Jack, 83, started small Bronx construction firm 1928; built in Manhattan 1950s. Burt joined Jack Resnick & Sons after U. of Chicago 1956; developed residential projects; still has 1,200 Manhattan apartments; frequently partners with Arthur Belfer *(which see).* After 1970s real estate crash, bought older Manhattan buildings, built others; recently bought 70-year leasehold on elegant (but in need of rehab) 40 Wall Street for $77 million from the estate of Ferdinand Marcos. Now controls some 6 million square feet NYC office space. Jack retired in Florida. Burt runs show estimated worth over $350 million.

[redacted]

Robert Einar Petersen

Publishing. Beverly Hills. 64. Married. Son of Calif. auto mechanic; worked as short-order cook, pumped gas; was movie studio publicist. Turned hobby into magazine with $400 and partner: hawked Hot Rod for 25 cents at races 1947. Bought out partner 1950, expanded. Petersen Publishing now 16 monthlies (Motor Trend, Guns & Ammo, Skin Diver), 7 bimonthlies. Bought Sport magazine 1988. First man to kill polar bear with revolver 1965. "It was shoot or be fatally mangled." Pursues what his magazines cover "except for Teen." "We're a good medium for a lot of what advertising is—beer, cigarettes, cars, all those good things." Est. worth over $350 million.

[redacted]

Richard Alexander Manoogian

Masco Corp. Grosse Pointe Farms, Mich. 54. Married, 3 children. Armenian immigrant father, Alex, founded screw company 1929, went public 1936. Biggest success: invented Delta single-handle faucet 1954. Now chairman emeritus. Son Richard oversaw 1960s metalworking diversification. Spun off Masco Industries (commercial products) 1984, Trimas (industrial) 1988, from Masco (consumer); heads all 3. Bought Universal Furniture 1989; Masco now largest U.S. furniture maker. Many acquisitions: "Nothing we develop is the stuff dreams are made of—they just make money." Leading collector 19th-century American art. Richard's stock, plus art, over $340 million.

[redacted]

John Quentin Hammons

Hotels. Springfield, Mo. 66. Married, no children. Taught school, worked on Alaskan highway; Navy, WWII. Came home, started concrete products business; went bust—$57,000 in debt 1948. Dove into home, shopping center construction; out of debt in year. Went into Holiday Inn franchises with partner Roy Winegardner 1959. Built 31 hotels, sold to HI for stock 1970 (Roy later became HI chairman). Sold off large chunks HI stock 1987-89. Still has some Inns; also Embassy Suites; still building. Owns over 9,000 rooms, manages 9,000. Also real estate across country, but especially Springfield. Endowed heart institute. Net worth estimated $340 million.

[redacted] ★

James McGlothlin and family

Coal. Bristol, Tenn. 50. Divorced, remarried; 1 daughter, 6 stepchildren. College, law school at William & Mary. Lawyer, ran small restaurant business. Started United Coal Co. 1970. First job: surface mine with 11 employees. Took off with energy crisis; added mines. Now one of lowest-cost producers in U.S.—nonunion contract labor. Reserves almost all low-sulfur. Survived 1980s price fall with juicy long-term contracts from utilities, steel companies. Diversified into oil, gas, financial services—now almost 50% of sales. Shares with father, cousin. Likes golf, basketball, practical jokes. "Life doesn't have to be dull just because you're president of a company." Estimated worth over $340 million.

GOOD AREN'T THEY?
Milky Way

A Milky Way ad from the early 1940s. Candy bars have proved among the most enduring of industrial products. Milky Ways are now winning the hearts and minds of a third generation for the secretive Mars family.

[redacted]

Daniel Mauck Galbreath

Real estate. Columbus, Ohio. 62. Separated, 3 children. Father John (d. 1988) made money through Depression buying foreclosed properties, reselling. Then, took land option, building blueprints, signed corporate lease to bank as collateral to build. Daniel now manages at least 40 million square feet office space in U.S., Hong Kong; owns about 6 million sq. ft., also prestigious Darby Dan stables. Family in messy, long-lasting lawsuit by descendants of John's late wife, Dorothy Firestone (formerly married to son of Harvey S. Firestone); they claim her estate plundered while Dorothy incapacitated. Tax audit confidential. Net worth, apart from suit, could be over $340 million.

[redacted]

Howard Brighton Keck

[redacted]

William Myron Keck II

Superior Oil Co. Descendants of William M. Keck Sr., legendary wildcatter known to taste-test core samples. Founded Superior Oil 1921. Pioneered offshore drilling in Venezuela, Louisiana; huge reserves, became largest independent oil company. Howard and William Jr. fought to succeed William Sr. Dad picked Howard, passed over namesake Bill Jr. Howard led company through ill-fated mining, timber, farming diversification, refocused on oil 1976. Alienated siblings and his hand-picked directors, forced off board during 1983 proxy fight. Upheaval facilitated $5.7 billion takeover by Mobil. Howard: LA. 77. Heads Keck Foundation; financed $70 million Keck Observatory atop Hawaiian volcano, home to one of most powerful telescopes in world; worth over $340 million. William II (William Jr.'s heir): LA. 48. Runs Coalinga oil company (Tex. and La. reserves some $40 million), worth $280 million.

[redacted]

Norman E. Alexander

Sequa Corp. Scarsdale, N.Y. 76. Married, 4 children. Native of South Bronx, son of spats manufacturer. Columbia Law School. Entered family business and switched from spats to leggings. Then expanded into new fields; purchased printing pigments firm, merged into Sun Chemical (printing inks), took over. Diversified Sun into aerospace, machinery, transportation, financial services via acquisition. Renamed Sequa 1987; 1989 revenues, $1.9 billion. "Wily and patient" when it comes to corporate takeovers, "does things his own way." Also owns small plastic resins company, Ampacet, on side. Worth over $340 million.

John Arrillaga

Richard Taylor Peery

Partners. Real estate. Palo Alto, Calif. John: 52. Married; 1 son, 1 daughter. Son of spud farmer; Stanford hoops scholarship, later sold S. Calif. real estate (1957-67). Richard: 50. Married; 3 sons, 1 daughter. Son of Bank of America honcho; Stanford business school. Took job managing Dad's ragtag Bay area real estate. Impressed by John's dealmaking ability, teamed up 1967. John cuts the deals; Dick, a Mormon, watches bottom line; colleague calls them "toughest businessmen I've ever dealt with." Expanded property holdings with help of easy Bank of America financing. Began buying fruit farms in what is now Silicon Valley: foresaw future development. Turned out to be championship call: pair now lords of Silicon Valley, with over 7 million square feet of R&D space. Moving into Sacramento. Dynamic duo live 2 blocks apart. John fanatic gardener, Dick avid outdoorsman. Together, worth at least $665 million.

Sydney Mark Taper

First Charter Financial Corp. LA. 89. Widowed, 3 children. Born Warsaw, to England age 2. Bought candy wholesale, sold at markup to classmates. U.K. home builder, real estate broker 1930s. "Retired" 1938, moved to California to avoid war 1939. Built GI housing; led to home financing, anticipating vet market. Founded First Charter 1955, built to third-largest S&L. Demanding boss notorious for cost control: known to brown-bag lunches. Sold out to Financial Corp. 1983, which met disaster after abandoning Taper's conservative management. Taper now manages personal investments worth at least $335 million. "However much he's worth, he's still got the original dime."

Dan Weiner, Courtesy Sandra Weiner

A Campbell Soup warehouse, 1955. John T. Dorrance Sr. could have had a professorship in chemistry but went to work instead for his uncle's Campbell Preserve Co. in 1897. He had a feeling American housewives wanted to spend less time in the kitchen and would welcome his idea for canned condensed soup. He was right.

Carl Clement Landegger

George Francis Landegger

NYC, Connecticut. Father Karl bought Austrian paper mill 1920s. Fled Hitler to U.S. with $40,000 1938. Purchased Parsons & Whittemore, small pulp trading firm, now leading worldwide pulp and paper mill builder. Sons own company since father's death 1976. Also Black-Clawson, paper machinery manufacturer. "There is a violent revolution happening in the paper industry," says Carl. "Everybody has decided they must recycle. The fifth-biggest industry is being pushed into restructuring." Tremendous changes expected. Carl: 60. Divorced, remarried; 2 of 6 children in business. Directs U.S. operations, Black-Clawson. Runs marathon with T shirt that says, "When you're 60, your children look middle-aged." George, 52. Divorced, remarried; 5 children. Runs North American operations. Combined net worth estimated $670 million, pre-recycling "revolution."

Anne Catherine Getty Earhart

Caroline Marie Getty

Claire Eugenia Getty Perry

Inheritance. Daughters of George Getty (d. 1957), son of famed oilman Jean Paul Getty; collectively known as "Georgettes" by family. Anne: 38, married, last known to reside in Seattle; 2 children. Began brouhaha over half-uncle Gordon's *(which see)* control of Sarah C. Getty Trust, then core of Getty family fortune, and handling of Getty Oil. Married to former Peace Corps volunteer. Claire: 36, also married to former Peace Corps man; last known address New Haven; has illegitimate son. Amid initial Getty Oil-Pennzoil deal, petitioned California judge and got temporary restraining order giving Bruce Wasserstein chance to bring in Texaco; ultimately resulted in Getty Oil sale. Caroline: 33, single, last known to be living near San Francisco. All reportedly environmentalists; all very private. Share portion of Getty trusts worth over $1 billion.

Anne Burnett Marion

Inheritance. Fort Worth, NYC. 51. Divorced 3 times, remarried (to Sotheby Chairman John Marion); 1 daughter. Great-grandfather, by legend, won prize family ranch, the 6666, in poker game. Burk Burnett eventually amassed 448,000 acres, mostly west Texas. Found big oilfield on 6666. Mom, "Big Anne," like little Anne, married 4 times (twice widowed, twice divorced). "Little Anne" product of second marriage, to oilman Jim Hall. (Mother's fourth husband, Charles Tandy, founder Tandy Corp.—Radio Shack.) "Little Anne," keeper of Burnett traditions, quietly adding land, collecting oil royalties. Also art. Directs $190 million Tandy Foundation. Worth estimated over $330 million.

Max Martin Fisher

Oil, investments. Franklin, Mich., NYC, Palm Beach. 82. Widowed, remarried; 5 children. Father, Russian immigrant peddler, built small refinery. Max joined 1930, got gasoline brokers to finance new refinery; "I guess I must have hoodwinked them." Developed one of Midwest's largest independents, sold to Marathon Oil 1959 for stock, tendered to U.S. Steel 1982. Invested in Irvine Ranch, Sotheby's with buddy Al Taubman *(which see)*. Also majority owner First Fed of Michigan, Midwest Savings & Loan. Big fundraiser for Republican Party; Israel; at White House table when Gorby came for dinner. Estimated net worth $330 million.

Saul Phillip Steinberg

Finance. NYC. 51. Twice divorced, remarried; 6 children. Brooklyn-born business whiz kid; Wharton grad at 19. Founded computer leasing firm 1961 with father's $25,000, took Leasco public 1965, launched career as raider. Control of Reliance Insurance 1968; failed run at Chemical Bank 1969. Took Reliance private 1982 for $550 million; public again 1986. Occasional raids; earned estimated $100 million for sale of UAL stake. Sold Days Inn interests 1989 for $765 million. Personally owns 61% Reliance stock; he and relatives draw generous compensation. Sizable art collection featuring Old Masters; lavish parties. But stock falling: estimated net worth over $330 million.

Ernest Gallo

Julio Gallo

Brothers. Wine. Modesto, Calif. Ernest, 81; Julio, 80. Each married, 2 children. Italian immigrant father Joseph bought 230-acre Modesto vineyard 1930s; despondent over Depression and ill health, shot and killed wife, self. Six weeks later sons went to local public library, learned how to make wine, started winery with about $6,500. Fifty-seven years and a billion-plus dollars later (estimated 1989 E&J Gallo revenues) Julio still squeezes the grapes, Ernest still sells the juice. First major success: Thunderbird (connoisseurs reject, winos don't). Constant effort since to upgrade product image: recently withdrew fortified wines (Thunderbird, Night Train Express) from many stores nationwide. Gaining shares in premium, "superpremium" wines, brandy. Chairman Ernest considered "intuitive marketing genius." Dairy farmer younger brother Joseph from same tough mold; sued by Ernest and Julio for putting family name on cheese; he countersued for third of winery. E&J won both. The brothers jointly own company worth at least $660 million. Ernest believed to have large personal stock portfolio.

John Charles Haas

Fritz Otto Haas

Brothers. Rohm & Haas Co. Started 1909 by Otto Haas, father of John and Fritz. Made fortune with leather tanning agent: replaced manure as agent of choice. Partner Rohm remained in Germany. Company went public 1949, business boomed 1950s. Haas died 1960, age 87, John and Fritz took over. Diversified company into fibers (polyester), pharmaceuticals. Venture in fiber not a healthy move: became dependent on petroleum (around time of Arab oil embargo). When polyester went way of platform shoes, forced to dump double knits in steamy Brazil. Took $60 million hit, lost money for first time in history. Both now retired. John: Villanova, Pa. 72. Married, 5 children. Left board 1988. F. Otto: Ambler, Pa. 75. Married, 3 sons. Left management 1984. Brothers' Rohm & Haas holdings worth at least $660 million.

Richard Palmer Kaleioku Smart

Inheritance, ranching. Honolulu and Waimea, Hawaii. 77. Divorced, 2 sons. Heir of John Palmer Parker, New England seaman who jumped ship 1809 to Hawaii's big island. Hired by King Kamehameha to kill island's unruly "wild" cattle. Got along well with king; married his granddaughter, Keliikipikaneokaolokaha (later known as Rachel), received small land grant. Built into famous Parker ranch, today 225,000 acres, 50,000 (domesticated) cattle. Descendant Richard, after 25-year, moderately successful theater career, took over 1959. Recently won long-fought estate case against 200 disinherited descendants. Fortune worth over $325 million.

★

Bill Daniels

Cable TV. Denver. 70. Four divorces, 2 stepchildren. Navy fighter

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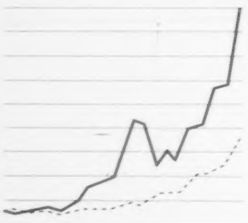

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pilot WWII, Korea; moved to Casper, Wyo. 1952, found no TV. Convinced flush oilmen they needed it; strung early cable system. To Denver 1958, became dominant banker, broker to industry: "the father of cable TV." Business fell from 1980 as others grew. In 1985 admitted drinking problem to employees; entered Betty Ford Clinic, emerged with new ideas and vigor. Today, bigger than ever; building new sports networks (Prime Ticket and nationwide version, Prime Network). His cable systems (roughly 55,000 subscribers), cable brokerage, sports estimated over $325 million, net.

August Christopher Meyer

Broadcasting. Champaign, Ill. 89. Widowed, 1 son in business. Was successful lawyer in hometown Champaign. Invested in local TV station 1953; came to the investment's rescue: "We started out losing a lot of money. I had to get more involved than I had intended to." Now owns. Bought San Diego TV station 1964 for $11 million; now worth about $140 million. Midwest Television owns 4 TV, 4 radio, practically debt free. Chairman family-controlled Bank of Illinois (assets over $200 million) from 1962. Son August Jr. (Chris) running stations since 1976; Sr. still active chairman. Net worth down a bit as network TV stations battle cable—estimated worth over $325 million.

William Robert Berkley

Insurance, food processing. Greenwich, Conn. 44. Married, 3 children. Father died when Berkley 11. "Went from upper middle class to poor." Decided to work for finer things in life; recruited kids to mow lawns, promised superior service, delivered. Followed stock market: called Chrysler president with queries, age 15. Whiz kid at Harvard Business School; managed $50 million for clients. Hated short-term thinking of stock market; exited scene early 1970s. Bought companies in "fragmented industries no one else wants": specialty insurance, food distribution, fire protection. Avoids trendy businesses. Worth $325 million or more.

[redacted]

Paul Milstein

Seymour Milstein

Brothers. Real estate, investments. NYC and Scarsdale, N.Y. Seymour: 70. Married, 2 children. Paul: 68. Married, 4 children. Father Morris, founder Circle Floor Co. 1919; floored NYC landmarks: Rockefeller Center, UN, etc. Paul dropped out NYU to join Army WWII, later headed Circle; Seymour president Mastic Tile Corp. of America, both sold by early 1960s. Dove into real estate with 684-unit Dorchester Towers apts. 1964. Milstein Properties built up into hotels, over 10,000 apts., offices, bank, etc. Took over United Brands 1975; ran together, sold for $40 million profit 1985. Bought ailing Emigrant Savings Bank 1986. Bitten by real estate woes: recently technically defaulted on $100 million mortgage for Normandie Court; negotiating debt reorganization. Also missed payments on other properties, but caught up. Seymour says company financially strong, just wants lower interest rate. Another preservationist battle: razed landmark Palm Court lobby in Biltmore Hotel, now want to build office tower in South Street Seaport historic district. Despite downswing, still estimated $650 million, jointly.

[redacted] ★

Lillian Bounds Disney

Diane Disney Miller

[redacted] ★

Sharon Disney Lund

Mother, daughters. Walt Disney Co. LA. Wife, children of Walter Elias Disney (d. 1966), paperboy-turned-genius-cartoonist. Arrived Hollywood with $40, 1923; produced cartoons with brother Roy. Mickey Mouse conceived 1928; rest, history. Walt Disney Co. now theme parks, cartoons, copyrights, movies, Disney Channel, etc. Family investments managed by Retlaw Enterprises, started by Walt 1952: media (6 TV stations), real estate. Lillian: chose Mickey's name over Walt's original idea, Mortimer Mouse. Major contributor to performing arts: $50 million 1987 for Walt Disney Concert Hall. Her Disney stock, visible Retlaw holdings worth $315 million. Sharon: 53. Divorced, 3 children. Disney director, Retlaw officer. Estimated net worth $275 million. Diane: 57. Married, 7 kids. Retlaw officer. Owns vineyard with husband Ron Miller—former Disney CEO and LA (football) Rams. Visible assets worth $315 million. All three new to Four Hundred.

[redacted]

Frank Sherman Morgan

Sherman W. Dreiseszun

Nephew, uncle. Real estate, banks. Kansas City, Mo. Frank: 63. Divorced, 5 children. Sherman: 66. Married, 2 children. Frank, son of European immigrant, traveling salesman, fatherless in high school, Navy storekeeper 3rd class WWII. Quit college, joined Uncle Sherm manufacturing women's sportswear 1950; together since ("It's like they're married") with Frank in the lead. Started first bank and shopping center 1964. Hit the tide: now banks have assets over $4 billion (but at least one property, Home Savings, practically worthless); real estate worth at least $350 million. Morgan fanatic sports enthusiast. Two control visible assets through myriad trusts, straw men; pair worth at least $630 million.

[redacted]

Robert Charles Joseph Edward

Sabatini Guccione

Publishing. NYC. 58. Twice divorced, remarried; 5 children. Brooklyn-born accountant's son. At 18, traveled Europe drawing portraits, telling fortunes. With few thousand from father, started U.K. mail-order sales of U.S. girlie magazines, pinups. Evolved Penthouse idea: grittier, more pubic, more European. Launched London 1965; U.S. 1969. Later, Omni, Longevity, Four Wheeler; bought Saturday Review. Glasnost advocate; plans to bring Penthouse to China, Soviet Union. Bought impressionists; Christie's appraisal: $95 million. Extravagant NYC town house (silver-lined swimming pool); 67-acre estate; Atlantic City holdings. Net worth estimated $315 million.

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Jud Sedwick

Cable TV. Butler, Pa. 76. Married, 2 children. Local lineman for phone company 1930s; formed own firm doing contract line work. Wired rural areas for phone service, ran resulting local phone companies. Introduced cable TV to Butler 1963. Good new business: added systems throughout region; grew with superior service, marketing: "It's just hard work." Now 190,000 rural subscribers; high, steady cash flow. Still operates phone companies; branching into real estate, security systems. Strong Christian beliefs said to guide business practice. Family partial to 3-letter names: Jud, Jay, Gay, Dex. Jud estimated over $315 million. On The Forbes Four Hundred: "I don't know that this would do us any good."

[redacted]

Thomas Mellon Evans

Investments. NYC. 80. Divorced, widowed, remarried; 3 children by first marriage. Introduced to business by distant relative, Gulf Oil boss W.L. Mellon, early conquistador of undermanaged companies. Big success: turnarounds included bankrupt H.K. Porter 1938; Crane Co. 1959; over 80 others. Appreciates today's market atmosphere: "Takeovers weren't respectable. Now they are." Quit top slot at Crane after losing board battle with son Shell. Sold 22% MacMillan (publishing) stock despite pleas of chief executive officer—his other son, Edward—not to. Still large stockholder Fansteel. Also horses and art. Net worth estimated over $315 million.

Gene Autry, the singing cowboy. The horse, Champion, not to mention his guitar, added to Gene Autry's public persona, and Autry has five stars on Hollywood's Walk of Fame as a result. It was his careful investments in radio stations and the California Angels baseball team, however, that made him rich.

[redacted]

Ian Woodner

Real estate, art. NYC and East Hampton, N.Y. 87. Divorced, 2 children. Minnesota-raised, Harvard-educated architect. Protégé of Robert Moses, with whom designed Central Park Zoo. Also worked with Salvador Dali for 1939 World's Fair. Built housing for WWII munitions workers. First apartment project 1943, developed other low-cost housing, early FHA project. Now 3,500 units New York, 1,400 D.C., etc. Built well-respected art collection, over 900 pieces, some Old Masters, estimated $125 million. "If you want to make a great collection, you have to be prepared to make a deal on the spot and you take your kicks when they come." Estimated at least $310 million.

[redacted] ★

Russell Solomon

Records. Sacramento. 65. Separated, 2 sons. "A hippie who learned to run a business." High school truant; college dropout, worked in dad's drugstore. Went broke rack-jobbing. Reopened first record store Sacramento 1960; then-largest in U.S., San Francisco 1968. "It was the year after the summer of love." Tower Records now 55 U.S. stores, 15 abroad, grows 15% a year: 1989 sales $456 million. Prices not necessarily lowest, selection necessarily widest. "We have an eye to the collector's mentality." Store managers pick some stock. "There are 300 buyers out there, instead of 1 or 2 . . . a lot of extra brainpower." Not retiring, but hopes son Michael, 42, will run business worth at least $310 million.

[redacted]

Hugh Franklin Culverhouse

Real estate, banking, sports. Tampa. 71. Married, 2 children. Son of coal mining engineer; boxer at U. of Alabama—sparring partner: George Wallace. IRS prosecutor, became premier tax attorney Florida—clients like Richard Nixon, Bebe Rebozo. Bought 13,000 acres prime Sarasota land, called Palmer Ranch, 1970; sold about half to Coast Federal S&L for $35 million 1981. Now owns Coast Fed 100%, is buying land back at S&L fire-sale price—about $37 million. Has ventures in citrus groves, other housing developments. Owns Tampa Bay (football) Bucs; responsible for Tampa stadium hosting 1991 Super Bowl XXV; very influential among league owners. Net worth $305 million.

[redacted]

Floyd Dewey Gottwald Jr.

Bruce Cobb Gottwald

Ethyl Corp. Richmond, Va. Sons of Floyd Gottwald Sr. (d. 1982), who rose from office clerk 1918 to president Albemarle Paper Manufacturing 1941. Merged with Ethyl Corp. 1962; sold paper company for $55 million 1968. Federal lead-content regulations phased out main product, gasoline antiknock (lead) compound TEL; last U.S. plant closed 1985. Sons diversified into aluminum, plastics, insurance, pharmaceuticals. Now leading U.S. producer pain reliever ibuprofen (Nuprin). Spun off aluminum, plastics, energy groups 1989 into new company (Tredegar Industries), headed by Floyd Jr.'s son, John. Floyd Jr.: 68. Richmond. Married, 3 sons. Lt. U.S. Army, WWII. Chairman 1968, CEO 1970. Private, "publicity shy." Bruce: 57. Richmond. Married, 3 sons. President since 1969. Share 15% of company worth $610 million. "The Gottwalds are gutsy. People said they were crazy when they bought Ethyl, but they staked the family fortune on it."

[redacted]

Craig O. McCaw

McCaw Cellular Communications. Seattle. 41. Married, no children. Father John E., radio, TV pioneer in Northwest, overexpanded, died

1969 with cable company mired in debt. Family forced to sell all but one system. Craig ran company while Stanford undergrad; rebuilt 1970s. Saw cellular phone potential, sold most cable. Visionary: working, with 3 brothers, for "single, integrated national network known as Cellular One." Took on $2.5 billion debt to buy urban cellular franchises, Lin Broadcasting ($3.4 billion 1989). Stock has nosedived; company has yet to show profit. With stock options, highest-paid CEO ($53.9 million) in U.S.; net worth estimated $305 million.

[redacted]

Edith du Pont Pearson

Willis Harrington du Pont

and families

Inheritance. Surviving children Lammot du Pont (brother and key associate of Pierre), president Du Pont Co. 1926-40, chairman 1940-48; d. 1952 *(see various du Ponts, family).* Edith (Mrs. George Burton Pearson Jr.): Montchanin, Del. 78. Widowed, remarried; 5 children by first marriage. Husband retired Delaware judge. Willis: Palm Beach, Fla. 54. Married, 3 children. Son of Lammot's fourth wife (other siblings by first). Citrus, banking investments in Florida. Brother Pierre S. du Pont III (d. 1988), father of Pierre S. IV, former governor of Delaware and presidential candidate. Edith, Willis, with families, share fortune believed to exceed $600 million.

[redacted]

William Alvin (Tex)

Moncrief Jr.

Oil and gas. Fort Worth. 70. Married, 4 sons. Son of legendary Texas-born wildcatter W.A. (Monty) Moncrief. Had 4 years of dry holes, then blew one out on northernmost extension of vast east Texas field, 1931. "My father had a nose for oil." Until 1985, a year before Sr. died, he and son had oil business from east Texas to Gulf of Suez. Father's remaining estate split among other relatives. Tex joined father 1945; 1985 gas find in Wyoming (possible 1 trillion cubic feet), other oil and gas. Never takes long vacation, but relaxes on 100,000-acre Colorado ranch, plays golf with John L. Cox. Fortune estimated over $300 million.

[redacted]

Fitz Eugene Dixon Jr.

Inheritance. Lafayette Hill, Pa.; Palm Beach, Fla.; Winter Harbor, Me. 67. Married; son, daughter. Primary heir of 2 great-grandfathers: streetcar magnate P.A.B. Widener (d. 1915; reportedly worth $100 million), William Elkins (d. 1903; reputedly $30 million). Harvard dropout, taught 16 years at his prep school, Episcopal Academy, "the happiest days of my life." Philanthropist, especially medicine, education. Fortune mostly blue-chip stocks, bonds; owns most of Grindstone Neck, Me., faded resort where he was born. Owns 10% Philadelphia (baseball) Phillies. Wears opal ring grandfather George (d. 1912 *Titanic*) gave to wife as she stepped into lifeboat. Net worth believed over $300 million.

[redacted]

Arthur G. Cohen

Real estate. Kings Point, N.Y. 60. Married, 5 daughters. Built Long Island homes 1950s. Developed Arlen Realty 1970s, grew to largest public real estate firm. Nearly ruined in mid-1970s real estate crash: Cohen put in $30 million of own money. Fortune grew despite setbacks (also had piece Braniff Airways). Considered consummate deal designer, numbers man. Takes pieces of action. Wound up with stakes in 3 million square feet shopping centers, 8 million square feet office space around U.S, NYC. Around 15,000 NYC apartments. Recently diversifying even further: hotels, piece of $250 million 1989 LBO of Gilbert/Robinson Inc., large restaurant operator. Net worth believed over $300 million.

[redacted]

David Theodore Chase

Real estate, media, investments, insurance. W. Hartford, Conn. 61. Married; 1 son, 1 daughter. Born David Ciesla in Kielce, Poland; survived Holocaust but lost parents, sister to Nazis. To U.S. 1946 speaking 6 languages. Door-to-door salesman, then small-time contractor. Early project: temple with monument honoring parents. Started developing shopping centers late 1950s; Hartford office tower 1972, other offices early 1980s. Branched into TV, radio, cellular phones, banking, insurance; lately, 10,000 home Fla. development. Daughter Cheryl chief counsel, her husband Roger Freedman exec. VP. Around $100 million to each son; his net worth estimated $300 million.

[redacted]

Roger Penske

Cars, engines. Red Bank, N.J. 53. Divorced, remarried; 5 children. Lehigh U.; aluminum siding salesman who drove race cars part time until 1964; purchased Chevy dealership. Formed Penske Racing; ran Chevys. Led to friendships in auto industry. Distributor for GM's Detroit Diesel. In 1970s added new distributorships, also auto-related firms, Hertz truck leasing license. By late 1980s Detroit Diesel hemorrhaging money, morale, market share. Good bargaining position got him initial stake in Detroit Diesel; grew to 80%. Oversaw spectacular turnaround, $1 billion sales: known as "results oriented." Net worth estimated $300 million.

[redacted] ★

D. Dean Rhoads

Industrialist. N. Palm Beach, Fla. 63. Divorced, 3 sons. Poverty-stricken Fort Wayne childhood; walked to one-room schoolhouse. Attended Indiana U. Liked to invent. With $1,000 formed Lincoln Mfg., age 29, to make, market over 50 personal inventions—e.g. containers that kept food hot more than 4 hours. Added products; grew to international company; products to more than 3,000. Sold to Alcoa 1976. Formed Worldmark Group (holding company) 1976. Expanded, this time by diverse acquisition: radio stations, metal processing, travel, real estate, etc. Forty companies worldwide; sales $655 million. Believed worth over $300 million.

[redacted]

Kenneth Eugene Behring

Developer. Blackhawk, Calif. 62. Married; 5 sons, all in business. U.

of Wisconsin dropout: football knee injury. Leased gravel lot for $15/month, bought 27 cars for $900; Lincoln Mercury dealer at 24. Sold out; bought, developed Florida land. Went west 1972: 3,300-unit development Calif.; new 5,000-acre site near Seattle; already, environmental protests. Built $10 million museum to house "world-class" car collection, to go to U. of California, Berkeley. Recently changed investment portfolio from 80%-90% stock to 40%-50%: "Lots of people are going to get hurt in the stock market." Active civic leader; 75% Seattle (football) Seahawks. Net worth believed over $300 million.

Richard Jerome O'Neill

Alice O'Neill Avery

Brother and sister. Inheritance, real estate. Grandfather Richard left cattle business in Ireland to manage friend's vast southern California ranch in exchange for half the land. Grandchildren inherited 52,000 acres 1943, sold parcels steadily. Developed 10,000-acre Mission Viejo tract mid-1960s with Donald Bren *(which see)*; purchased by Philip Morris for $72 million. Currently developing 5,000-acre planned community Rancho Santa Margarita, Orange County, headed by Alice's son Anthony Moiso. Richard: San Juan Capistrano, Calif. 67. Married, no children. "Uncle Dick" known for disheveled appearance. Ranching interests Mexico, Nevada; also Calif. restaurants. Involved in state's Democratic politics. Alice: Los Angeles. 73. Divorced, widowed; 3 sons, 7 grandchildren. Dick and Alice share ranch, other investments worth over $600 million.

Peter Jay Sharp

Real estate. NYC. 60. Widowed, 3 children. Father successful real estate developer, owned parts of 22 hotels; built NYC's Volney, Stanhope, where Peter grew up, died young 1941. Interior decorator wife took over, passed to Peter intense and fastidious approach to hotel business. After Princeton, Peter argued with mother, struck out on own. Assembled own real estate empire: Manhattan office buildings, apartments; picked up Carlyle Hotel for $16 million 1967, co-oped over half. Considered finest New York hotel, but maybe not by old money: devoted to pampering new rich, first ladies, rock stars: "Our clientele doesn't take taxis." Estimated net worth over $300 million.

William Edward Simon

LBOs. New Vernon, N.J. 62. Married, 7 children. Traded munis on Wall Street; later head government trader for Salomon: "Don't try to get intellectual when you're in the marketplace. Just trade." Treasury Secretary under Ford: "Government is a menace." Pioneer LBO firm with Ray Chambers, 1981-86; bought underpriced cash-rich companies in mature industries. Partnership split; new one, called WSGP, with Gerald Parsky (LA lawyer) to invest in Pacific Basin. Contrarian start: S&LS, banks, real estate; junk bond, venture capital funds. Tokio Marine & Fire Ins. investing $100 million. Personal portfolio $100 million. Net worth estimated over $300 million, leveraged.

Lillian Goldman

Inheritance. NYC. 68. Widowed, 4 children. Widow Sol Goldman, billionaire NYC real estate baron *(see also DiLorenzo family)*, d. 1987. Filed for divorce 1983; reconciliation deal gave her 33% of Sol's estate. Lil sued to void deal; lost 1987. Her 33% in trust; suing (again) for cash. Children say she should get nothing. Grandchildren suing parents. Lil's lawyers (now on 17th set) suing for compensation: "The Goldman family is the best thing to happen to lawyers since the Magna Carta; they're singlehandedly fighting the legal depression in New York City." Lil's 33% worth over $300 million, kids' share (before inheritance tax), $500 million.

Edwin Locbridge Cox Sr.

Oil and gas. Dallas. 69. Widowed; 2 sons, 1 daughter. Born Mena, Ark.; to Texas 1946. Built Cox Oil & Gas into one of largest independents. Wells in Tex., La., Okla., Colo. Extensive interests and talents: former chairman of Sedco, Keebler; founding director Interfirst Corp. (now First RepublicBank Corp.). Chairman SMU board of trustees; E.L. Cox School of Business named for him. Hurt by meteoric rise and fall of son Ed Jr., whose billion-dollar agribusiness empire (Val-Agri, Swift meatpackers) crumbled after $78 million loan revealed procured on false pretenses. Jr. drew 6 months in jail. Despite paying off

FPG

The 1939 New York World's Fair. Ian Woodner, architect, designed a fair building for Robert Moses. But Woodner made his fortune as a developer, starting, he has claimed, with low-cost housing for black people.

some of son's debts, Sr. still believed to have fortune worth at least $300 million.

[redacted]

David Graves Mugar

Inheritance, broadcasting. Boston. 51. Divorced, remarried; 3 children. Father Stephen (d. 1982) owned Star Market supermarket chain, sold out 1964. David, ex-firechaser/photographer, coveted local CBS affiliate's WNEV-TV license, held by RKO General. Won 1982 after 13-year legal battle, financial wrangles, paid $22 million, $1.7 million equity. Now worth around $275 million thanks to running *Wheel of Fortune*, among other hits. Rift with partners brought buyout of dissidents 1986; he now owns 65%. Also owns WHDH-AM radio in Boston. Got out of stock market before 1987 crash; only partly back in. Fortune, with real estate, other interests, estimated at least $300 million.

[redacted]

Harry Lebensfeld

UIS, Inc. NYC. 86. Separated, 1 daughter. Founded United Industrial Syndicate 1945, now UIS. First acquisition: small desk manufacturer, Shelbyville, Ind. Assembled 15 companies, some turnarounds—Necco wafers, millwork, wholesale supply, auto parts. Invests for the long term. Revenues 1989: $573 million. Still chairman, CEO. Lean operating style: 15 employees in NYC headquarters. Daughter married to Richard Pasculano, executive VP. Company owned through trust for daughter and children. Despite auto parts slump, worth over $300 million. Lebensfeld: "If something seems to work, it makes sense to keep on doing it."

[redacted]

Marshall Edison (Doc) Rinker and family

Concrete. Palm Beach. 85. Widowed, remarried; 3 sons. Nicknamed "Doc" after family friend; arrived Florida in Model T 1925 "flat broke." Founded Rinker Rock & Sand Co. 1926. Lifelong devotion to work: 12-hour days standard "for fun. It's all a big game. You relax all the time, you die." Slow start; eventually built largest Florida supplier ready-mixed concrete. Handed operations to son 1982, returned to old work schedule 1983 after son departed. Finally sold to Australian C.S.R. Ltd. 1988 for $515 million; Rinker stake 71%. Doc consultant to old firm, handles portfolio worth some $300 million. "I'm going to keep going until I die. Then God will handle it."

[redacted]

Orvon Gene Autry

Broadcasting, baseball. LA. 83. Widowed, remarried; childless. Reared on Oklahoma ranch; learned ridin' and ropin' before he could read. Telegraph operator, railroad worker; discovered by Will Rogers ("Boy, you pick good") strumming guitar at railroad depot. "Oklahoma's yodeling cowboy" went Hollywood; only person with 5 stars on Walk of Fame: movies, TV, radio, recordings, personal appearances. (Bestseller: "Rudolph the Red-Nosed Reindeer.") Bought first radio station 1952, sold 7 radio, TV stations 1982-83; still has 4 radio. Bought Calif. (baseball) Angels cheap 1961. Also real estate, hotel, securities; worth over $300 million.

[redacted]

Joseph Alexander Hardy

Building supplies. Farmington, Pa. 67. Married, 5 children. Left family jewelry store, started building supplies outlet 1952 with 2 brothers, Ryan Homes founder Ed Ryan. Launched own 84 Lumber Co. 1957 with $20,000: no-frills warehouses (no heat/AC), mostly cash and carry. Free travel for volume-buying customers; college savings plan for "associates," who work 60-hour weeks. Now 340 stores, $750 million 1989 sales: "We want to open 200 stores in the Nineties." Maybe. Spending big on Hardy's other darling: Nemacolin Woodlands, planned 650-acre Farmington, Pa. resort, spa, business conference center. Estimated worth $300 million or more.

[redacted]

Bella Wexner

The Limited, Inc. Columbus, Ohio. Mid-70s. Widowed, 2 children. Mother of Leslie Wexner *(which see)*, founder of vast women's apparel empire. After working as department store buyer, Bella opened women's clothing store with husband Harry (d. 1975). Joined son's store when specialized retailing boomed. Still active, occupies peach-colored office across from her son. Director, company secretary, adviser to Leslie. Supports local charities; wary of publicity. Stake in Limited, courtesy of Leslie, worth $300 million.

[redacted]

Robert J. Congel

Shopping malls. Fayetteville, N.Y. 55. Married, 5 children. Son of Syracuse construction superintendent. Fordham degree 1958, then won $13,000 water pollution control contract; dug cellars a.m., laid pipe p.m. First shopping center 1973. Now majority partner Pyramid Co., largest mall builder/owner in Northeast. Tough: can kick out tenants who fail to meet sales targets. Fights politicians, environmentalists, local merchants to build; usually wins. Bought Bonwit Teller as name anchor tenant. Wife, children share trusts, active in company; so Congel claims: "I don't hardly own anything." But fortune worth over $300 million.

[redacted]

Kingdon Gould Jr.

Real estate. Laurel, Md. 66. Married, 9 children. Great-grandson 19th-century capitalist Jay Gould. Grew up NYC; Yale. Enlisted Army early WWII; 2 medals for bravery, twice wounded. Yale Law 1951. Left brother-in-law's law firm to start parking lot firm with frequent partner Dominic Antonelli Jr. 1964. Supported Nixon early; ambassador to Luxembourg 1969. Major real estate owner, developer D.C., Md. 1970s. Very private. Claims Gould legacy under $1 million: "I'm descended from a branch that consumed theirs." Estimated net worth over $300 million, vigorously denied by him: "You publish at your own peril."

[redacted] ★

Viola Sommer

Inheritance. Great Neck, N.Y. Late 60s. Widowed, 3 children. In 1930s, 1940s, husband Sigmund Sommer built small apartment buildings Brooklyn, single-family homes N.J. By mid-1970s, shopping malls NYC area, huge luxury apt. buildings (e.g., the Sovereign). Owned top Thoroughbred money-winner 1971, 1972; Sigmund died of heart attack at racetrack 1979. Family embroiled in lawsuits over administration of estate: say lawyers sold top real estate worth $100 million for $10 million, took huge fees, interest-free loans. Lawyers say sales were approved and family is greedy. Somebody is. Regardless of outcome, eventually Viola gets half of estimated $600 million estate.

[redacted]

Aaron Spelling

Television. Holmby Hills, Calif. 67. Divorced, remarried; 2 children. Texas-Russian; raised in Dallas by immigrant father. High-strung kid: nervous breakdown age 8. To LA 1953, TV; became successful producer. In 1970s, 1980s, incredible string of hits for ABC (Aaron's Broadcasting Co.): *Dynasty, Love Boat, Fantasy Island, Charlie's Angels.* Soft-core formula slowly fell out of favor. Took production company public 1986, merged with Carl Lindner's *(which see)* Great American Communications Co. 1989. Scored recently with atypical Spelling production, *Twin Peaks.* Blowing some $50 million on Beverly Hills mansion. With syndication rights, believed worth over $300 million.

[redacted]

Jesse Mack Robinson

Banking. Atlanta. 67. Married, 2 daughters. College dropout, used car salesman, built chain auto finance companies. Financed Yves St. Laurent 1960; sold 1966 for $1 million. "One doesn't always keep the right things." Bought or opened 22 banks, often only bank around. Mini-conglomerator: lumber mills, billboards, insurance, pest control, waste management. "I have made a lot of people millionaires." Heart attack 1986 prompted slow sale of businesses, to simplify things. "Never know what they're worth until you sell them." Horse breeder, golfer, fisherman. Hopes daughters will succeed him. Net worth estimated at $295 million.

[redacted]

Jack N. Mandel

Joseph C. Mandel

Morton L. Mandel

Premier Industrial Corp. Brothers. Jack: Shaker Heights, Ohio. 78. Married, no children. Joseph: Lyndhurst, Ohio. 76. Married, 2 daughters. Morton: Shaker Heights. 69. Married; 2 daughters, 1 son. Mort, 19-year-old college dropout, brothers pooled $900 to buy uncle's auto-parts shop 1940. Found lucrative niche for specialty nuts, bolts, obscure auto parts to low-volume, high-paying customers. Went public 1960; Jack and Joe handled marketing, sales; Mort management. Grew by selective acquisition. "We're committed to quality." Concept engenders high return on equity (averaged over 22% last 5 years). Now leading distributor electronic components, maintenance products (1989 revenues $596 million). Involved in Cleveland rejuvenation projects. Brothers' Premier stock, other investments, exceed $860 million.

[redacted]

Victor Posner

Financier. Miami Beach. 72. Twice divorced, 4 children. Says made first million by 20. Started buying Florida property 1950s; began buying undervalued, asset-rich companies via complicated pyramid structure 1960s; at one time had stake in over 40. Known as rapacious, abrasive corporate raider; captive companies lost money big while paying him huge salaries. Shuns publicity; never leaves home without bodyguards. Nailed for tax evasion 1987. Penalty: set up $3 million program for homeless, serve food to street people, etc. Now back; bought into Talley Industries, National Convenience Stores, etc., early 1990. Years of looting add up: worth over $290 million.

[redacted]

George Leon Argyros

Real estate. Newport Beach, Calif. 53. Married, 3 children. Born Detroit, raised Pasadena; decided early real estate was the way to wealth;

UPI/Bettmann

Billie Jean King and Bobby Riggs mugging for the press before their 1973 battle-of-the-sexes tennis match. Billie Jean, then 29, clobbered the 55-year-old self-styled male chauvinist before a television audience of millions, and the career and fortune of the event's promoter, Andrew Jerrold Perenchio, took off. The following year he teamed up with Norman Lear and hit the really big time.

worked zealously: "If you work hard, it's one of the frontiers that are left." Michigan State, Chapman College; real estate license 1962, sold for less than a year before opening first brokerage; planned first subdivision 1963. Found good banker and built creditworthy reputation; first apartments 1968; now owns some 5,200 units. Also office parks, land. Bought baseball's Seattle Mariners for $13 million 1981; for years endured big league's worst record but sold 1989 for aftertax profit over $50 million ("Patience is for losers"). Net worth at least $290 million.

Dwayne Orville Andreas

and family

Archer Daniels Midland Co. Decatur, Ill.; Bal Harbour, Fla. 72. Divorced, remarried; 3 children. Studied at Wheaton College. Dropped out, joined family grain business. Sold some assets to Cargill, became millionaire at age 27. Bought significant holdings Archer Daniels Midland 1965. Became chief executive officer 1970, chairman 1972. Turned ADM into largest U.S. agricultural processor. Soybean/gasohol evangelist. Donor, friend to countless senators, congressmen. Even close to Mikhail Gorbachev. Andreas: "It is wise for a businessman to have a beachhead in the East." ADM stock worth at least $290 million. Beachhead value not estimated.

Lucille Carver

Inheritance. Bandag, Inc. Muscatine, Iowa. 73. Widow; 3 sons by Roy James Carver (d. 1981), who acquired rights to retread process discovered 1957 during trip to Germany. "Bandag" method employs "cold bonding" as opposed to more common "hot-cap": longer-wearing treads. By 1989 sales over $500 million. Youngest son Martin, 42, chairman since father's death, now CEO: "We are not one of the companies that spend all of their time looking for deals, we try to run our business." Brother Roy Jr., 46, owner of small 100-person Carver pump producer (Dad's original business). Mother Lucille has more than half of Bandag, worth $285 million; sons have smaller blocks.

Fayez Shalaby Sarofim

Money management. Houston. 61. Recently divorced, 5 children. Egyptian-born son of wealthy landowner; Harvard Business grad, naturalized 1961. Joined Anderson Clayton 1951, worked in pension fund management. Launched Fayez Sarofim & Co. 1958 with $100,000 from father. Now manages $17 billion. Made name spotting oil bargains but stayed with oil stocks too long into 1980s. Still bullish: thinks DJIA can hit 10,000 by 1995. Now likes consumer products like Procter & Gamble, Coca-Cola. Early investor Teledyne with George Kozmetsky, Henry Singleton *(see latter)*. Even with divorce, his 70% of firm, large personal portfolio believed worth some $285 million.

★

Clemmie Dixon Spangler Jr.

and family

Investments. Chapel Hill, N.C. 58. Married, 2 daughters. Father, farm boy, took construction job; built homes, apts., motels, construction company. "Dick" Jr. president C.D. Spangler Construction Co. 1960; employed 2,000 at height, lately 40. Built, owned Golden Eagle motel chain 1960s, sold out 1970s, 1980s; proceeds channeled into estimated 2-million-plus shares of RJR prior to 1988 buyout. Sold bank started by his father to NCNB 1982, of which controls 3.6 million shares, gave board seat to wife. Lifelong interest in education, supported desegregation while on school board; president U. of North Carolina 1986. Controls fortune estimated at least $280 million; denied by him.

Timothy Mellon

Catherine Mellon Conover

Siblings. Inheritance. Grandchildren of financier, empire-builder Andrew Mellon (d. 1937), children of Paul *(which see)*. Tim: Manchester, N.H. area. 48. Divorced, remarried; 1 stepdaughter. Started computer programming firm 1969. Cofounded company to pressure-treat railroad ties 1977. Acquired Guilford Transportation for $50 million: 4,700-mile track composed of old New England railroads. Added 1,000 miles unwanted Norfolk & Southern track after unsuccessful bid for Conrail. Countersuits with CSX over freight charges, Guilford's financial health; also union policies created ire on all fronts: labor, politicians, allegedly federal inspectors; Chapter 11 in 1988 for one subsidiary (Delaware & Hudson Railway). Catherine: Washington, D.C. 54. Twice divorced (uses mother's maiden name); 3 children by first husband John Warner (later senator). Divorce settlement: he got $9 million, houses. Catherine antiwar activist, environmentalist. Each received $100 million trust from grandfather; father Paul says they have enough, will get no more from him. No problem: conservatively invested, each should be worth some $275 million.

Lavinia M. Currier

Michael S. Currier

Andrea Currier Patterson

Sisters and brother. Inheritance. Grandchildren of Ailsa Mellon Bruce, great-grandchildren of Andrew Mellon. Parents Audrey Bruce Currier and Stephen Currier died plane crash in Bermuda Triangle 1967; grandmother Ailsa died 1969. Kids recipients of generous trusts. Paternal grandfather David K.E. Bruce served as ambassador to 4 countries; Congress adjourned early on wedding day, 1929. Lavinia: The Plains, Va. 33. Single. Alternates life on the wing with country style at Kinloch Farms in Virginia. Michael: NYC. 29. Active in family investments, philanthropies. Andrea: The Plains, Va. 34. Married, 1 child. Operated upscale restaurant 1980s. With husband, lives at family estate (Kinloch Farms). Three share fortune, mostly trusts, estimated $825 million.

Clarence Scharbauer Jr.

Inheritance, oil. Midland, Tex. 65. Married, 4 children. Family moved from New York City, settled in

Midland 1889; father became leading citizen—built the hotel, ran the bank. As rancher, bought up thousands of acres to feed cattle; much turned out to be in one of richest U.S. oil provinces, the Permian Basin. First strike: 1935; has produced over 725 million barrels of crude to date. Clarence Jr. reputed one of most powerful men in Midland. Doesn't drill, just collects millions in royalties from those who do on his land. Also owns former Kentucky Derby winner Alysheba, retired to stud, reputedly worth $20 million. Very private. Net worth believed at least $275 million.

Virginia McKnight Binger

Inheritance. Wayzata, Minn. 74. Married, 2 children. Only child of William McKnight, South Dakota farm boy who climbed then-tiny 3M's corporate ladder from bookkeeper, 1907, to head of company. William died 1978, left $500 million fortune to foundation, daughter. Virginia honorary chairwoman now $1 billion McKnight foundation. Recently started own foundation, VMB. With husband James (former CEO Honeywell), runs Broadway's Jujamcyn Theatre chain (now showing *Gypsy*, etc.), Tarton (Fla.) horse farms (Tarton-bred horse, Unbridled, won 1990 Kentucky Derby). "I don't have a typical day." With 3M stock, other assets, worth over $275 million.

AP/Wide World

Adelaide, Australia's News, Rupert Murdoch's first newspaper, when his father owned it, and Murdoch greeting employees in 1976 at the newly acquired New York Post, one of his major newspaper purchases before creating a new U.S. television network. He sold the Post in 1988 to New York developer Peter Kalikow, who has struggled to keep what is believed to be the country's oldest daily going.

Seymour B. Durst

Royal H. Durst

David M. Durst

Brothers. Real estate. Father Joseph emigrated from Austria 1902; founded Durst Organization 1915 to manage Manhattan properties. Sons shifted emphasis from residential to midtown office space 1940s ("and we're very happy we did"). Built several Third Ave. office buildings 1950s, moved over to Sixth Ave. 1960s, recently to Times Square area (Seymour: "I'm not old—I look this way because I tried to develop the West Side.") Dursts control about 5 million sq. ft. midtown NYC office space. Very conservative financially, rarely take on partners. Seymour: NYC. 77. Widowed, 4 children. Trained as accountant, now heads Durst Organization; less active these days. Roy: Westchester County, N.Y. 73. Married, 3 children. Handles construction side. David: Mount Kisco, N.Y. 65. Married, 6 children. Shares construction management with Roy, also leasing. Brothers' fortune estimated over $275 million apiece.

Gertrude Ramsay Crain

Publishing. Chicago. 79. Widowed, 2 sons. Husband G.D. Crain (d. 1973) launched Hospital Management 1916, founded Crain Communications. Built venerable trade publications with Gertrude; flagship Advertising Age added 1930; now over 25 other esoteric trade books: Plastic News, European Rubber Journal, American Drycleaner, etc. Sons Rance and Keith run company, but "what she says goes." Big move into regional business papers, Chicago, Detroit, Cleveland. Even so, company suffering along with other magazines in current market. Still worth around $275 million.

Nan Tucker McEvoy and family

Publishing. San Francisco. 71. Divorced, 1 son. Granddaughter San Francisco Chronicle founder, Michael H. de Young (d. 1925; *see family*). Said to be only liberal member of family: former Peace Corps administrator, journalist, founder abortion clinic. Nan inherited largest share Chronicle Publishing after death of mother, Phyllis de Young Tucker, family matriarch and last of Michael's children (d. 1988). Some shares to Nan's son: "You hate to have them think, 'Well, when will good old mother die?' " At first reticent about running business, now called well liked, active chairwoman. Plans to maintain family control. Net worth estimated $270 million.

★

John Jay Moores

Software. Sugar Land, Tex. 46. Married, 2 children. Raised in Houston, married high school sweetheart at 19. Attended law school with wife, never practiced. Began programming for Great Southern Life 1963; at IBM 1966-74: programming, some marketing. Started BMC Software 1980 with $1,000 to make systems software for IBM mainframes. Wrote first few products, used proceeds to hire others. Went public 1988 at $9—recently over $20 after stock split. Over 350 employees worldwide; generating 30% pretax margins. Also homes Colo., Calif.; collects '60s, '70s Corvettes, Ferraris, Mercedes. Spending more time away from company—stock recently worth $270 million.

Seward Prosser Mellon
Richard Prosser Mellon
Cassandra Mellon Milbury

Brothers and sister. Inheritance. Ligonier, Pa. Surviving adopted children of Richard King Mellon, dominant businessman in family of his generation, grandson of Judge Thomas Mellon. R.K. guided family empire from 1930s to death 1970. Seward (Pross): 48. Divorced, remarried; 2 daughters by first wife. Trained in trust department Mellon Bank after Susquehanna U., now director; also president family investment firm, Richard K. Mellon & Sons. Richard (Dick): 51. Divorced, remarried; 2 sons. Tried banking, left to pursue conservation, oceanography. Chairman, R.K. Mellon Foundation. Cassandra (Mrs. Edwin Van R. Milbury): 50. Widowed, remarried; 2 children by first marriage. Active in philanthropy, public affairs. Beneficiaries of trusts on 1980 death of mother Constance. Combined fortune believed to exceed $800 million *(see other Mellons, Curriers, Scaife).*

Armas Clifford Markkula Jr.

Apple Computer. 48. Woodside, Calif. Married, 2 children. Electrical engineer. USC, Hughes Aircraft, Fairchild, Intel. Backed 2 unknown computer wizards *(see one: Steven Jobs)* with technical and business background, $91,000 venture capital to start Apple. "Mike" chairman 1977, CEO 1981. Turned over top spot to John Sculley, import from Pepsi-Cola Co., 1983. Vice chairman until 1987. Now involved in 2 charter airplane services: ACM Aviation (owns 100%), San Jose Jet Center (partner). Founder, chairman Echelon, low-cost computer networking company. Apple stock, other investments worth at least $265 million.

★

Donald George Fisher
Doris F. Fisher
and family

The Gap. San Francisco. Husband and wife. Donald, 62; Doris (new to Four Hundred), 59. Cofounded first Gap store 1969; name allusion to generational rift late 1960s. Don pioneered customer conveniences: e.g., arranging clothes by size, not style or brand; records and tapes as shopping incentives. Seventies jean craze, clever marketing boosted revenues. Jean-centric Gap opened first store outside Calif. 1972; into private labels 1975: "We want to provide a product that we're recognized for." Gap family now includes Banana Republic (acquired 1983), GapKids (established 1986); BabyGap line debuted 1989. All told, 1,020 stores, 1989 sales $1.6 billion. Fisher family worth $530 million.

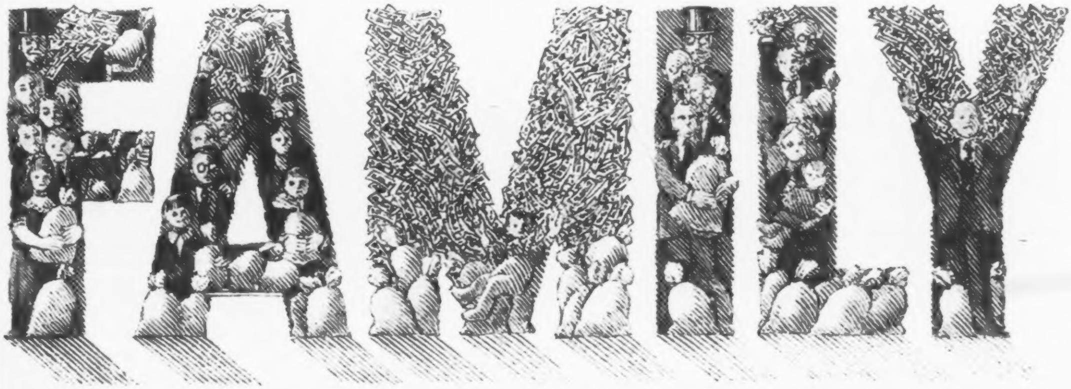
Irene Carpenter Draper
and family

Inheritance. Montchanin, Del. 79. Twice divorced, remarried; 5 daughters by first marriage. Irene, (Mrs. James A. Draper III) surviving child of Margaretta L. du Pont, sister of Pierre S. (see various du Ponts, family). Father, Ruly Carpenter, Sr. included in formation Christiana Securities. Brother Robert Ruliph Capenter Jr. (d. 1990) owned baseball Phillies, sold 1981 by son Robert Ruliph III for $30 million. Though family claims amount much less, Irene, her immediate family, believed worth $260 million or more. Heirs of brother Robert and of brother William (d. 1987) should each have similar fortunes.

Mary Jane du Pont Lunger
and family

Inheritance. Wilmington, Del., NYC. 76. Widowed, 5 children. Father Philip du Pont *(see other du Ponts, family)* rare bird who increased small share of family fortune by own efforts: took $10 million, parlayed it into $58 million by playing market until death, 1928. Mary Jane favored daughter; she got $50 million to sister's $2 million. Astute businesswoman, owns and still active in profitable Christiana Stables. Raises stock, has various trainers in Kentucky, Maryland and Virginia. Fortune should exceed $260 million by now.

GREAT FAMILY FORTUNES



Some major U.S. families have fortunes already so divided that no individual among them qualifies for The Forbes Four Hundred. This listing is extensive but not intended to be as complete as our listing of the richest individuals in America. Most are the heirs of persons who would have been members of The Forbes Four Hundred if it had been compiled in earlier decades; some are families still building.

Family Fortunes

Andersen

Bayport, Minn. Heirs of Danish immigrant Hans Jacob Andersen, arrived Portland, Me. 1870. First words in English, "All together boys," became company motto. Founded Andersen Lumber Co. 1903 in Hudson, Wis. with sons Fred, Herbert. Standardized wooden window frames with interchangeable parts revolutionized building industry 1904. Moved to Bayport 1913; signed first profit-sharing check hours before his death. Fred took over, emphasizing advertising: "Only the rich can afford poor windows." Privately held Andersen Corp. nation's leading windowmaker with 15% market share (1989 estimated sales $1 billion). Generous profit-sharing plan gave employees bonus equaling over 62% 1989 annual salary. Guarded family's 70% worth $450 million or more.

Annenberg

NYC. Five daughters of Moses Annenberg (d. 1942), founder of Triangle Publications. Estate divided among 7 daughters and son Walter *(which see)*. Triangle's golden goose, TV Guide, provided generously for family, but $3.2 billion sale in 1988 to Rupert Murdoch was bonanza for Esther Simon, 89; Janet Hooker, 86; and Lita Hazen, 80, who each made about $185 million on sale. Sisters Enid Haupt, 84, and Evelyn Hall, 79, cashed in most of their Triangle stock years ago. Children of 2 other, deceased sisters share small stake. Five sisters (and families of deceased) share GM stock, proceeds from sale believed worth $825 million.

Bacardi

Puerto Rico, Miami et al. Descendants Don Facundo Bacardi y Maso (b. 1816), Spanish-born wine merchant, who immigrated to Cuba 1830; made "civilized rum," formed Bacardi Co. 1862. Now world's most popular spirit, selling almost 22 million cases worldwide (80% of rum market). Generations of Bacardis work in various private companies: Bacardi Corp. of Puerto Rico sells to Bacardi Imports of Miami; both pay royalties to Bacardi & Co. Ltd., Bahamas. Family factions embroiled in four-year-old dispute: less powerful shareholders want more voice in decisions; claim financial information withheld. SEC wants financial data; company says it's private, needn't comply. Some 500 Bacardis have interest in business worth over $800 million.

Bancroft

Inheritance. Descendants of Clarence Barron (d. 1928) of Dow Jones empire (Wall Street Journal), Dow Jones ticker; Ottaway Newspapers (Barron's). Clarence's adopted daughter Jane married Harvard lawyer Hugh Bancroft (d. 1933). Fortune split among 3 children: Jane Bancroft Cook *(which see)*, Jessie Cox, d. 1982 (3 children), Hugh Bancroft Jr., d. 1953. Hugh's 4 children inherited his share. Daughter Bettina Klink a Dow Jones director. Brothers Hugh and Christopher, sister Kathryn very private. Their one-third of trust holds some $634 million in Dow Jones stock; 3 branches combined: $365 billion.

Bean (Gorman)

Freeport, Me. Descendants of Leon Leonwood Bean (b. 1872), sportsman, founder L.L. Bean, Inc. Tired of cold, wet feet, put rubber bottoms on leather shoes. After 90 of first 100 pairs returned defective, introduced L.L. Bean money-back guarantee, still in effect. Maine's first hunting licenses 1919 inspired first-ever direct-mail marketing campaign; sales passed $1 million 1937. "That wasn't bad for a boy who never got through the eighth grade." Today's president grandson Leon Gorman, 55; encouraged advertising, broadened women's line; now scaling back expansion to protect quality, service. 1989 sales, $600 million. 15 reclusive descendants believed to control company worth over $500 million.

Belk

Charlotte, N.C. Descendants of brothers William and John Belk, who opened N.C. general store 1888. Gave no credit, bought out credit-granting rivals for pennies on the dollar. Empire grew out of 13 stores 1913; today some 320 stores, estimated sales $2.2 billion: "I don't reckon we got a system; we just sell goods." Belk Stores Services division acts as corporate office. Some 25 descendants share ownership with local owner-partners; each store a separate corporation. Family history of internecine feuds, lawsuits. William Jr. ousted as chairman 1950s; tried, failed to thwart brother John's Charlotte mayoral career (1969-77). John now chairman of BSS; brother Tom president. Family's interest estimated about $500 million.

Bingham

Newspapers. Descendants of Robert Worth (Judge) Bingham; lawyer, mayor of Louisville, ambassador to Britain. Married Mary Lily Kenan Flagler, one of nation's richest women, 1916. Bought majority interest Courier-Journal, Louisville Times for $1 million 1918, after wife's mysterious death. Supported liberal views through papers; died 1937. Barry Sr. (d. 1988), youngest son, took over, bought out siblings, added broadcasting. Company 7-time Pulitzer winner during tenure. Son Barry Jr. took over as editor, publisher 1971. Power struggle among children forced Barry Sr. back on scene; culminated in papers' sale 1986, media sensation. Newspapers sold for $300 million, broadcast interests over $100 million. Daughter Sallie wrote scathing tell-all book. At least 13 family members share fortune estimated, net of taxes, etc., over $350 million.

Block

Drugs, inheritance. Heirs of Alexander Block, Russian immigrant who opened Brooklyn drugstore 1907; today N.J.-based Block Drug Co. produces pharmaceuticals. Low-profile family: Alexander's son Leonard, 78, senior chairman; his son Thomas, president, Leonard's nephew James, chairman. Niche brands: Polident denture cleanser, Poli-Grip denture adhesive, Tegrin dandruff shampoo; expand positions with brand extensions. Also prescription drugs. Spurning aggressive expansion, big takeovers; conservative Block now sitting on $150 million in muni bonds. Family holds all voting stock, majority of nonvoting. With other assets, over $450 million.

Brittingham

Dallas. Dallas-born brothers Jack and Robert founded Dal-Tile Group in the 1940s; made company one of the largest U.S. ceramic tile makers. Sold this year for $650 million to AEA Investors Inc., an exclusive New York-based investment group composed primarily of former corporate CEOs and odds and ends like Henry Kissinger. Buyers just as secretive as sellers. Brother Jack, a.k.a. Juan, moved down to Mexico to run company's manufacturing arm. Robert ran Dal-Tile, kept out of sight; retained as consultant for at least 1 year. After the full allowance for taxes, they net at least $470 million.

Brown

Louisville. Heirs of George Garvin Brown, founder JTS Brown & Brother with cousin 1870, distilled Old Forrester Whiskey; became Brown-Forman 1890. Produces Jack Daniel's, Southern Comfort, Canadian Mist, Korbel Brandy, California Cooler, and Bolla and Cella Italian wines. Diversified into "lifestyle products": Lenox china, crystal, jewelry (bought 1983); Hartmann Luggage. Still family-run company. "Planned nepotism" maintains family dominance in company, with one requirement: family member must hold at least 2 degrees before joining. W.L. Lyons Brown Jr., 53 chairman and CEO since 1983; O[illegible]sley Brown II, 48, president since 1987. Company leadership still determined by primogeniture. Family stake in company worth $900 million.

Bullitt

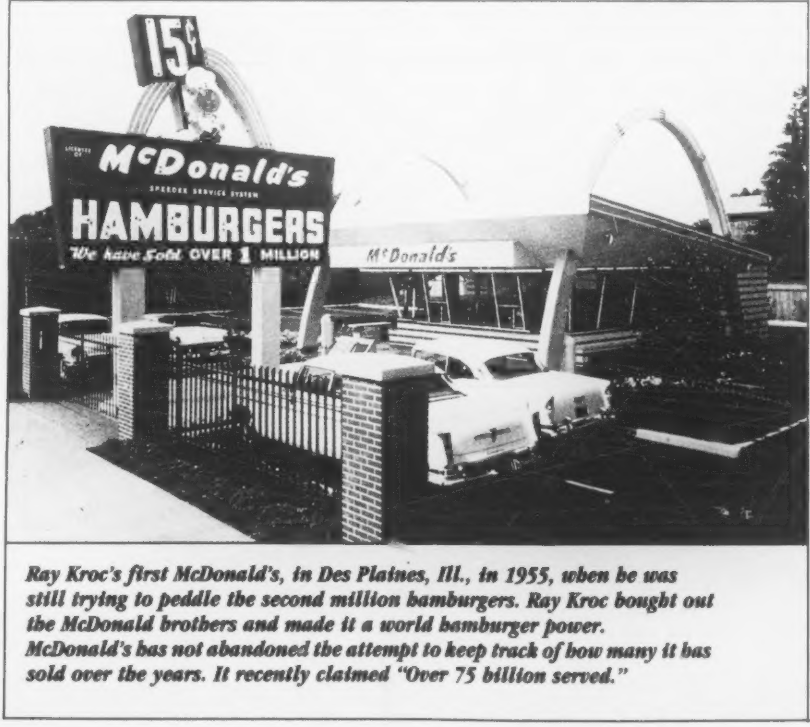
Broadcasting. Seattle. Pioneer C.D. Stimson amassed Washington State timberland, real estate (d. 1929). Daughter Dorothy married to state Democratic kingpin A. Scott Bullitt (d. 1932); took over management of business on husband's death. Out of boredom bought radio station 1947, then area's first TV station 1948. "The station came before the sets." King Broadcasting Co. now 6 TV stations, 6 radio, 200,000 cable TV subscribers. Dorothy rafted Colorado rapids at 85, died 1989 at age 97. Daughters Priscilla (Patsy) Collins, 69; Harriet S. Bullitt, 65, run company. Plan sale of company, proceeds to Bullitt Foundation for environment. Son Stimson, 70, excluded from broadcasting inheritance, runs Harbor Properties real estate. Family fortune estimated over $600 million.

Busch

St. Louis. Heirs of Bavarian immigrant Adolphus Busch, who married Lilly Anheuser 1861; sold his brewery supply business, joined father-in-law's brewery 1866. During Prohibition, survived, prospered through diversification—company spent $18 million making plant "dry"; spent another $7 million making it ready for repeal. Under Adolphus III, still small; August Jr. brought modern age with Busch Gardens theme parks, St. Louis Cardinals, intelligent long-term marketing making Budweiser the King of Beers in U.S. Died Sept. 1989. Some 46 million shares Anheuser-Busch to family members, who share fortune worth estimated $1.9 billion. Family members start young at company and work their way up. August Busch III now chairman of company.

Campbell

Hawaii et al. Progenitor James Campbell left Ireland as 13-year-old stowaway to join brother in NYC 1839. Survived shipwreck, capture by cannibals en route to Hawaii, arrived 1850. Bought vast tracts of arid land against skeptics' advice; irrigated them with artesian wells, built prosperous sugar plantation. Dubbed "Kimo Ona-Milliona" (James the Millionaire) by native islanders. Estate now 76,000 Hawaiian acres; committed to preserving agriculture on islands. Slowly selling off well-located Hawaiian parcels, buying mainland office buildings, shopping malls at depressed prices. Last surviving daughter, Beatrice Campbell Wrigley, died 1987; trust dissolves 2007; numerous family members will divide fortune currently estimated at $700 million.



Ray Kroc's first McDonald's, in Des Plaines, Ill., in 1955, when he was still trying to peddle the second million hamburgers. Ray Kroc bought out the McDonald brothers and made it a world hamburger power. McDonald's has not abandoned the attempt to keep track of how many it has sold over the years. It recently claimed "Over 75 billion served."

Caruth

Real estate. Dallas. Walter Caruth, 1848 settler, started general store. Bought land with profits—$5, $10 an acre; by early 1900s up to 30,000 acres of land in Dallas and north of city. Son William held on; grandson Will Jr. wrote self out of Sr.'s will, left majority to grandchildren with Will Jr. managing estate: "Grandfather acquired the land, father held, and I harvested." Most land gradually liquidated, but family's company, Central Control, manages current holdings. Grandchildren not active in business. Will Jr., 78, terminally ill, suicide May 1990; family no longer buying land. Left hand-picked managers at company helm. Had amassed $100 million for Caruth Foundation; family has given away more than $300 million. Still believed worth at least $500 million.

Chandler

Los Angeles et al. Times Mirror Co. Descendants of Harry Chandler (d. 1944). Ambitious clerk at Los Angeles Times; in 1880s married daughter of Harrison Gray Otis, owner of Times, rose to chairman. Used smart marketing to defeat rival papers. Built real estate/media empire. Son Norman won readers' favor by opting for news instead of ads in newsprint shortage WWII. Company diversified under family into 8 dailies including Newsday, Baltimore Sun; 11 magazines, including Field & Stream, Popular Science; broadcast, cable TV, etc. 1989 revenues: $3.5 billion. Grandson Otis stepped down as editor-in-chief 1986, leaving company in hands of professional managers. Over 100 descendants share in Chandler trust worth $1.1 billion.

Clark

Cooperstown, N.Y. Descendants of Edward Clark (1811-82), lawyer, helped Isaac Singer market sewing machines 1850s. Came to own 40% Singer Mfg. Co. Built the Dakota, NYC landmark building. Fortune to surviving child Alfred (d. 1896); then to Alfred's 4 sons, including racehorse owner F. Ambrose, art collectors Stephen and Robert. Family generous to Cooperstown. With dubious claim that game was invented there, started Baseball Hall of Fame 1939. Also other museums, hospital, big hotel, golf course, town gym, etc. Three sons died heirless. Family leader: Stephen C. Clark, Jr., 79, only surviving great-grandchild. Niece Anne Labouisse Peretz, 52, co-owner New Republic magazine. Nephew Alfred, 47, has NYC investment company. Trusts, prudent investment by NYC-based Clark Estates Inc. responsible for intact wealth: about 12 Clarks share fortune worth about $375 million. Equivalent amount in foundations.

Cohen

NYC area. Mortimer, former optometrist; Edward, former men's clothing retailer; younger brother Sherman tried Oldsmobile dealership 1949, built first apartment project 1950s, focused full time on real estate. Switched to NYC office buildings 1970; now control over 6 million square feet. Traded 6 properties for 3 prime Manhattan office buildings during office glut 1977 ("the most ingenious deal of the year"). Sold 666 Fifth Ave. 1987 to Sumitomo for over $100 million profit; since then, modest activity. Brothers are litigious, difficult. Sherm: "I don't concern myself with what people say. My banks love me." Sherm, 65; Ed, 69. Sherm's only son, Charles, 38, president. Said to be tough negotiator as well, but less lawyer-intensive. Mort's widow, Estelle, shares in family fortune estimated at $400 million or more.

Collier

Naples, Fla. Descendants of Barron Gift Collier, high school dropout who pioneered streetcar advertising, took money to southwest Florida, 1911, bought land. Eventually 1.3 million acres (Collier County, Collier Creek, etc.). Died 1939. Current heirs disagreed on strategy, so split empire with coin toss 1980. Branch A: Collier Enterprises. Miles, 43, recently married, Columbia M.B.A.; developer, venture capitalist, financier; controls 72,000 acres agriland, 2,800 acres Naples, 5,900 acres citrus groves, Okla. City's Local Federal Savings & Loan. Split between mother (50%), brothers Barron II, 39, and Inglis. Branch B: Barron Collier Co. Developer; 72,000 acres agriland, 5,000 acres Naples, 10,000 acres citrus groves; developing 80 acres downtown Phoenix. Run by Lamar Gable, stepson Barron Collier Jr. (Miles' cousin). Combined family total estimated $1 billion.

Coors

Golden, Colo. Descendants of German immigrant Adolph Coors, who built small brewery 1873. Survived Prohibition making malted milk, ceramics, near beer. Introduced aluminum can 1959, became industry standard. Went public 1975. Grandsons William and Joseph built up company, created controversy with antigay, antiminority, antiunion policies; cofounded Heritage Foundation 1973. Company agreed to invest hundreds of millions in minority areas 1984; 10-year union-inspired boycott ended 1987—company agreed to unionize. More diplomatic great-grandsons Peter, Jeff and Joe Jr. run day-to-day operations, mend fences. Today world's largest brewery under one roof, nation's third-largest brewer, with over 9% market share. Also industrial ceramics, aluminum, packaging materials. Family's 54% worth $500 million.

Cowles (Gardner)

Minneapolis, Des Moines, NYC et al. Descendants of Gardner Cowles, Sr., who bought feeble Des Moines Register 1903 for $110,000, added evening Tribune, built respectable paper (d. 1946). Son John Sr. (d. 1983) pulled same trick with Minneapolis Star 1935. Brother Gardner Jr. (Mike) founded Look magazine; sold Florida papers, Family Circle, others to New York Times Co. for 23% of its stock 1971 (d. 1985). Third generation blew profits, lost some papers; sold Cowles Broadcasting to Oveta Culp Hobby *(which see)* 1984, flagship Register to Gannett for $200 million 1985. Grandson David Kruidenier, 68, chairs thinly traded Cowles Media (4 dailies, 11 weeklies); fought sales "but we got a good price." Over 70 heirs with 70% of Cowles Media, plus New York Times stock, other investments worth $690 million.

Cowles (William)

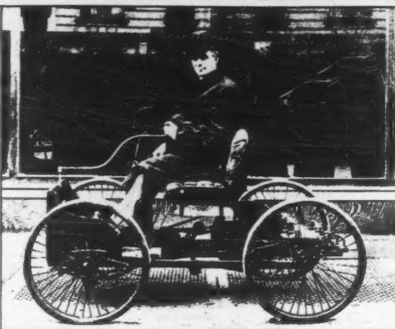
Spokane. Descendants of William Hutchinson Cowles, Chicago Tribune heir (also distant relative of Gardner Cowles, *see above*); police reporter for Tribune, moved west 1891, bought into Spokane Spokesman-Review. Gained control 1894, bought rival Chronicle 1897. President Truman called Spokesman one of "the two worst papers in the country." Taken as a compliment. Invested in nearby timberland, paper mill, started Inland Empire Paper Co. William Jr. added radio 1946, TV 1952. Now grandsons: James, 56, manages downtown Spokane real estate; William III, 58, runs the papers. Very private. Eight descendants share Cowles Publishing, large Tribune stake, paper company and real estate valued at $440 million.

Cullen

Houston. Descendants of Hugh Roy Cullen, grade school dropout, cotton trader, legendary wildcatter. Favorite strategy: drill deeper in "dry" holes, find oil. Hit famed Tom O'Conner field early 1930s. Began Quintana Petroleum 1932, now among largest domestic producers. Only son killed in oil rig accident 1936; gave away around 90% of $200 million personal fortune; died 1957. Children inherited Quintana. Three daughters' husbands run it. Fourth daughter married Italian playboy "Baron" di Portonova; lived in solitude in seedy Manhattan Hotel, died 1966. Grandson Ricky di Portonova waged 10-year legal battle over inheritance; lost 1984. Son-in-law Corbin Robertson leader of family; five branches (over 30 members) share Quintana, oil and gas properties worth $1 billion.

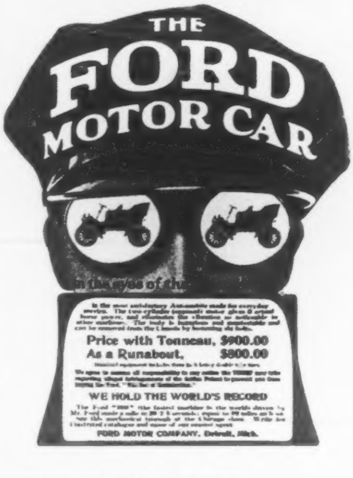
Davis

Jacksonville, Fla. et al. Descendants of William Milton Davis, founder Winn-Dixie grocery stores. Bought first store with $10,000 1925. Four sons built through acquisitions into largest grocery chain in Sunbelt. Today fifth largest in nation: 1,226 stores, sales over $9 billion. Largest nonunion grocer, called "J.P. Stevens of food industry" by unions. Family response: "We just believe in free enterprise." Liberal on insurance, retirement plans; encourages employee ownership. Grandson Robert gave chairmanship to cousin A. Dano 1988, looks over other family interests. James *(which see)*, 83, vice chairman of American Heritage Life Insurance, largest shareholder; rest of family's stake in Winn-Dixie, American Heritage Life worth $825 million.



UPI/Bettmann Newsphotos

Henry Ford in his first automobile, built in his backyard shop in 1896, and a 1904 ad. It would be 1908 before the ever-cheaper Model T began the automobile revolution, but from the start Henry Ford worked relentlessly toward the goal of cheap cars for the common man.


THE
FORD
MOTOR CAR
in the eyes of the
Price with Tonneau, $900.00
As a Runabout, $800.00
WE HOLD THE WORLD'S RECORD
FORD MOTOR COMPANY, Detroit, Mich.

Ford Museum and Greenfield Village Archives

Dayton

Minneapolis. Descendants of George Draper Dayton, banker who counted traffic before buying land for Dayton's Department Store 1902. Lured customers with outrageous promotions, advertising. Son George Nelson took over 1938: dancers, circuses, cheerleaders. But raised 5 sons in Calvinist work ethic. Brothers, led by Bruce, took over 1950, built family store to national chain: "We never played it safe, and we always looked very long range." Merged with J. L. Hudson Co. 1969, became Dayton Hudson. Merged with Mervyn's department store 1978. Last brother retired from management 1983. Bruce's son Mark Democratic Senate nominee 1982, spent record $7 million of own money; lost. Since 1946 company donates 5% federal taxable income. Some 50 descendants of George Nelson share in fortune exceeding $975 million.

de Menil

Houston, NYC. Descendants of physicist Conrad Schlumberger, who developed first "well-logging" device 1920s. Bonanza for oil exploration—fine-tuned location, depth of underground oil. U.S.S.R. first to try Schlumberger Ltd. service. (Conrad, a socialist, pleased.) Died 1936. Company dominant in field since. Daughter Dominique, now 82, fled Nazi-occupied Paris to firm's Houston headquarters. Husband John de Menil headed Schlumberger 1967-70 (d. 1973). Dominique has major art collection (15,000 pieces), over half donated to the Menil Collection museum in Houston. Active in human rights causes: started Carter-Menil Foundation with Jimmy Carter. Friend: "She's brilliant, generous, a rare bird." Four children have own art collections. Combined family fortune worth over $400 million.

De Young

San Francisco et al. Descendants of Michael H. de Young, founder San Francisco Chronicle with brother Charles, 1865. Paper epitomized "yellow journalism," entertained public with racy scandals, mudslinging: mayor's son shot Charles dead 1880; Michael shot 1884 but survived. De Youngs warred for years with archrival Hearsts *(which see);* signed one of nation's largest newspaper joint operating agreements with Hearst Examiner 1965. Now company has 6 dailies, TV stations, cable (280,000 subscribers). Great-grandson Richard Thierot, 48, president; editor-in-chief, publisher of Chronicle since 1977. But cousin Nan Tucker McEvoy *(which see)* chairwoman. Nineteen heirs (excluding Nan and son) control two-thirds Chronicle Publishing, worth estimated $800 million.

DiLorenzo

NYC. Descendants of Alex DiLorenzo Jr., Brooklyn pharmacist who collected rents for older brother. After law school 1951, went into business with neighbor Sol Goldman *(see widow Lillian)* 1930s. Goldman-DiLorenzo became NYC's largest landlord, heavily leveraged. Lost 40% of properties in 1973-74 real estate crash. On his death 1975, son Alex III and Goldman split remaining properties with flips of a coin. Family now owns more than 250 parcels; mostly small commercial, retail, unglamorous outerborough buildings (including site of infamous Bronx social club Happy Land fire in which 87 died). Alex III under fire from brother Marc and sister Lisa, who claim he is running fortune into ground. Alex says he's waiting out weak market with $650 million fortune. Even in weak market, should be well over $500 million.

Donnelley

Chicago origin. Scattered descendants of Richard R. Donnelley, Canadian saddlemaker's apprentice who went to Chicago, started print shop 1864. Destroyed in Great Fire 1871; rebuilt by family into R.R. Donnelley & Sons. Son Reuben H. Donnelley established publishing firm; produced Yellow Pages, sold to Dun & Bradstreet for $80 million stock 1961. Meanwhile, family company world's largest commercial printer (1989 revenues, $3.1 billion); serves Time Inc., New Yorker, Newsweek, etc. Nonunion, wins contracts because strike-free. Diversified into mailing lists, direct mail, catalogs, books. Grandson Gaylord, 80, now honorary chairman, owns largest individual stake, worth $166 million. Cousin Charles Haffner III, 61, retired as employee 1990; continues on board of directors with James Donnelley. Over 75 descendants share over $900 million.

Duda

Oviedo, Fla. Czech immigrant Andrew Duda (d. 1958) left homeland, arrived Fla. 1909 as part of Lutheran farming community; family joined 1912; went broke, headed to Cleveland 1916. Returned to Fla. 1925, produced first cash crop 1926: planted 10 muckland acres of celery, plowed profits back in. Incorporated mid-1950s: "By that time they were an agricultural giant." Use of migrant workers sparked controversy. Three sons, John (d. 1988), Andrew Jr. (d. 1986) and Ferdinand, 80, planned smooth transition to third generation 1977. A. Duda & Sons ($192 million sales 1989) today one of nation's largest vegetable growers. Under CEO Ed Duda, three-pronged approach: citrus, real estate development, vegetables: "Instead of just considering ourselves farmers, we consider ourselves asset managers." At least 60 descendants share estimated $350 million.

Heirs of Pierre Samuel du Pont II

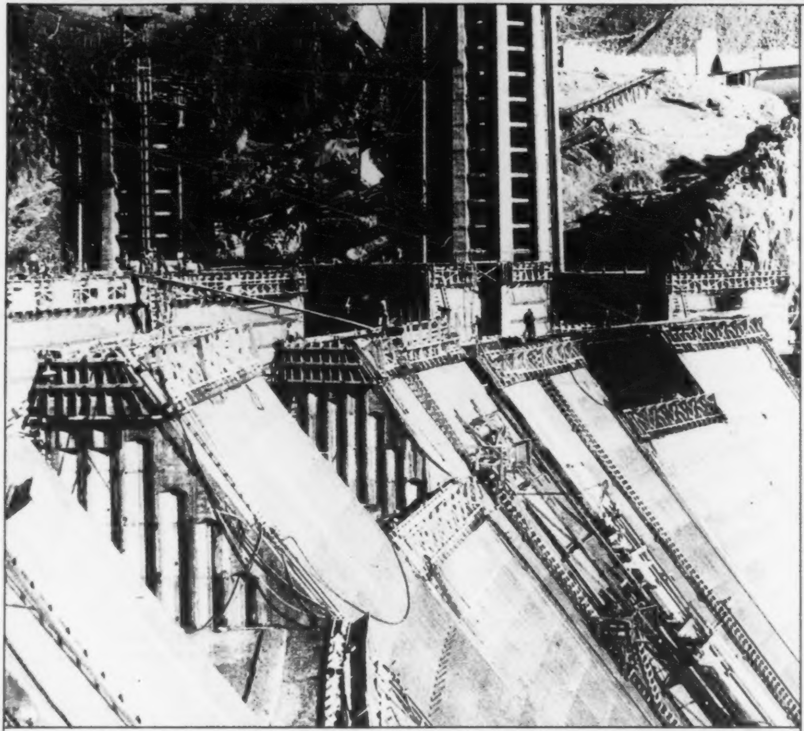
Wilmington, Del. Descendants of Pierre Samuel du Pont de Nemours (1739-1817), French Physiocrat who fled revolutionary Terror for America 1800. Son Eleuthère Irénée, chemist's apprentice, founded gunpowder factory on Brandywine Creek 1802. Company and family prospered, dominated Powder Trust late 1800s. After family schism over control, Pierre S. du Pont II emerged as leading figure 1915. Lucrative WWI munitions contracts led to despised sobriquet "Merchants of Death." Founded Christiana Securities as family holding company for Du Pont (merged into Du Pont 1977). Rescued nascent General Motors 1920s, about one-third interest. Also Hercules Powder Co., U.S. Rubber (later Uniroyal), etc. Childless, Pierre divided bulk of fortune among siblings, nephew before death 1958. His family branch built up Wilmington Trust Co. Dissident branches established Delaware Trust Co. *(see William du Pont family).* Numerous descendants of Pierre II siblings still control over 15% of Du Pont, the wealthiest du Ponts by far. This branch (including listed individuals) estimated to be worth over $8.6 billion.

du Pont (William)

Wilmington; Boston; Fla.; Wyo. Inheritance. Children of William Jr. (d. 1965). William Sr. (d. 1928) ostracized from family for divorce early 1900s. On wrong end of battle for Du Pont 1915; founded Delaware Trust to escape Pierre's Wilmington Trust *(see other du Ponts, family).* Retained huge holdings Du Pont stock, now held by grandchildren: Henry Eleuthère Irénée, 63, born William Henry, changed name 1973. Sued, with brother John, to block bequest of aunt Marion du Pont Scott (d. 1983) leaving Montpelier (estate of James Madison) to national historic trust. Henry wanted to live there; lost. His adopted children sued to inherit despite will leaving everything to lineal descendants of grandfather; lost. Impenetrable trusts safeguarded Henry's inheritance from business losses. Jean Ellen (Mrs. William Mason Sheehan) and John sold 25% controlling interest in Delaware Trust 1981. Henry, Jean Ellen, Evelyn, John, etc., share fortune estimated at least $850 million.

Gore

W.L. Gore & Associates. Newark, Del. Patriarch Wilbert L. Gore (d. 1986), Du Pont employee, worked on Teflon 1957; top management interested only in selling Teflon, not final products. With company blessing, formed own company with wife, Vieve, 1958. First commercial product: insulated cable; later, Gore-Tex. Astronauts wore Gore-Tex space suits on moon. Son



UPI/Bettmann

Hoover Dam under construction, 1934. Edmund O. Wattis founded Utah Construction in 1900 to finish building a bankrupt railroad. Afterwards he specialized in mammoth construction jobs, such as the San Francisco-Oakland Bay Bridge and this, the then-named Boulder Dam, one of the largest in the world. In later years the company moved into mining, and was sold to General Electric in 1986.

Bob, Ph.D. chemical engineering, joined W.L. Gore & Assoc. 1963, took over 1975. Best-known application is sportswear; but also medical (surgical patches, artificial ligaments), telecommunications (cables), industrial products (filters). Expiration of original patent 1993, but: "We've patented hundreds of uses, and we expect to come up with hundreds more." Company encourages innovation, risk-taking: "If you're not making mistakes, you're doing something wrong." Family interest worth over $500 million.

Gund

Cleveland origin. Six children of George Gund Jr. (d. 1966). Harvard Business School grad, liquidated family brewery during Prohibition, bought decaffeinated coffee company 1919. Sold to Kellogg's 1927; now Sanka at General Foods. Invested in real estate, bargain-rate Cleveland Trust stock (became president 1941). Sons George III and Gordon own Cleveland (basketball) Cavaliers and stadium; recently sold Minnesota (hockey) North Stars to open new NHL franchise in San Francisco 1991. George owns ad agency, real estate in Nev., Wash. Gordon, blind from retinitis pigmentosa, venture capitalist in Princeton, N.J. Agnes Gund, art collector; on board of Museum of Modern Art NYC, Hirshhorn Museum, etc. Brother Graham famous Boston architect; significant modern art collector. Family worth at least $950 million.

Haas

San Francisco. Bavarian immigrant Levi Strauss sold pants made of tent canvas to Calif. gold miners; patented denim version 1873. Walter Haas Sr. (d. 1979) married Strauss' grandniece, ran Levi Strauss & Co. 1928-55. Son Walter Jr.: 74. Married, 3 children. Took company public 1971. Bought Oakland (baseball) A's 1980. Retired 1981 but still active as director and honorary chairman. Son Robert, 48, took company private 1985 in $1.6 billion LBO; now chairman, CEO world's largest apparel firm (1989 revenues $3.6 billion). While many LBOS struggle with debt, paid off over 73%: "When your [family] name is on the door, you take what you do very personally." Sensational Dockers line brings $500 million annual revenues, adds to record profits. With 90% Levi Strauss, etc., family worth $2.6 billion.

Haft

Father, children. Dart Group (retailing, real estate). Washington, D.C. Herbert, 70, pharmacist's son, launched discount retailing concept. Vengeful competitors sued, lost Supreme Court case. Took drugstores public 1960, sold to managers for $160 million 1984; Chapter 11, 1989. Founded family-owned Combined Properties, shopping center developer, when unable to lease space in existing malls. Now 7 million square feet. Also, 257 Crown Books stores (own 53%); 320 Trak Auto (86%) discount automotive stores; 22 Shoppers Food Warehouse discount groceries. Attempted numerous takeovers 1980s. Failed bid for Bookstop, late 1989, may be last: SEC said Dart Group acted, inappropriately, like investment company. "We will be growing in our existing companies." Robert, 37, president Dart, CEO Crown Books. Sister Linda, 39, executive VP financial arm. Ronald, 31, runs Combined Properties. Family fortune estimated some $450 million. "We see the real estate market as a good buying opportunity now."

Haseotes

Cumberland Farms convenience stores. Mass. Greek immigrants Vasilios and Aphrodite arrived U.S. around 1900. Bought small farm in Cumberland, R.I. 1939, sold milk door-to-door. With 8 children opened "jug milk" store in Bellingham, Mass. 1956 with new merchandising concept: sell direct from farm to public. Succeeded, multiplied; added other products; then processing, manufacturing, distribution. Added gas pumps 1971; bought Gulf Oil's Northeast distribution 1986. Now largest private U.S. convenience store chain: 1,100 stores, some with gas stations; also major Northeast gas distributor since 1986. Eldest son, Demetrious, director; Lilly Haseotes Bentas, president and chairman. May be worth over $350 million.

Hillenbrand

Batesville, Ind. et al. Descendants of German immigrant, Augustine Wilhelm, who started lumber company 1837. Son John launched furniture business 1884, expanded into burial caskets. Pioneered first mass-marketed airtight waterproof casket. Attended to living, too: first electrically operated hospital bed. Actively pursues acquisitions, funds from cash flow: American Tourister luggage 1958; Medeco Security Locks 1984; SSI Medical Services 1985. Forethought Group, life insurance division, started 1986. "Hillenbrand vision: niche market leadership," says W August, 50, CEO since 1989. Besides uncle Daniel, no other family members in business. "Company doesn't believe in short-term earnings." View from eternity pays off: family's 62% worth $875 million.

Hixon

Pasadena. Joseph Hixon ensured fortune with major investment in AMP stock; increased holding to 45% by 1959. AMP became leading producer electronic connectors for computers, appliances; designs production machines to fit customers' assembly lines: indispensable supplier. Current generation merged family holding company Midland Investment into AMP 1981. Joseph's son Frederick (d. 1978) moved to San Antonio, invested in ranches, oil, venture capital provider. Another son, Alexander, AMP director until 1987; lives Pasadena, travels, golf; wife Adelaide volunteers: United Way, Planned Parenthood. Family shuns press. Original AMP holdings, if still fully retained, worth over $600 million.

Horvitz

Cleveland area; Fort Lauderdale. Three sons of Samuel A. Horvitz, self-made media, real estate mogul. Street corner newspaperboy, educated to 8th grade. Founded road construction company 1916. Formed Hollywood, Inc., real estate development firm; acquired around 5,000 acres Florida land. Added 2 Ohio newspapers. Left fortune in trust 1956; divided among adversarial sons. Harry ran newspaper; Leonard, construction; William, real estate. After mother's death 1977, Harry learned of brothers' plan to channel newspaper profits to their businesses; feuding erupted into fistfights and lawsuits. Exasperated probate judge ordered trust liquidated 1986. Life for brothers now "much better; nobody is having disagreements." Lack of communication contributes. Proceeds from liquidation today worth at least $760 million.

Houghton

Corning, N.Y. Descendants Amory Houghton, founder Corning Glass Works 1851. Family company produced first glass bulbs for Thomas Edison 1879. Also later pioneering: Pyrex (1915), silicone (early 1930s), fiberglass (1935), TV picture tube (1948), optical fibers (late 1960s). Fifth-generation chairman Jamie, 54, emphasizing quality, reorganizing Corning, Inc.: "We're no longer a simple little glass and chemical company." Brother Amory Jr., 64, left company 1986, elected to U.S. House 1986 (R–N.Y.); recently excluded himself from N.Y. gubernatorial race. Known assets worth $525 million.

Hoyt

NYC area and Santa Fe. Princeton grad Henry Hamilton Hoyt left successful import-export business, entered father-in-law's firm, which made Carter's Little Liver Pills. Managing director 1929; bought control anonymously to cut dividends, develop products: "I believed in the axiom that a business cannot stand still." Enlisted chemist John Wallace to develop new products: Arrid deodorant, Nair hair remover, Rise shaving cream. War effort: foot powder for GIS. "Liver" dropped from pills after 17-year government suit resolved 1959: "No therapeutic action on the liver." Expanded through acquisition starting 1960s. Carter-Wallace stock surged from AIDS hysteria 1987: Trojan condoms (acquired 1985) today over 50% market share. Henry Sr., 95, retired; sons Henry Jr., Charles run firm. Family's 78% voting and common stock worth $370 million.

Hughes (Howard)

Inheritance. Fortune built by legendary, famously reclusive tycoon Howard Hughes Jr. began with oil-well drill bit patented by Howard Sr. 1909. Jr. inherited age 18; made movies, set flying records, created Hughes Aircraft, owned TWA. Died 1976, no will. Bulk of fortune in Howard Hughes Medical Institute. Cousin William Lummis took over Summa Corp., holding company created 1972; assets estimated in 1976 at $168 million. With his old law firm, Andrews, Kurth, Campbell & Jones, sought heirs 5 years, fought off 3 dozen claims. Summa sold assets, built up real estate; today, with partner, holding 900 acres LA; developing 25,000 acres near Las Vegas. Law firms, through contingency fees, etc., may be biggest heir. Lummis next at about 3.5%. Over 100 people share estate worth estimated $1.8 billion or more; $500 million disbursed so far.

Idema

Wege

Hunting

Steelcase. Grand Rapids, Mich. Peter Wege (d. 1944), sheet-metal craftsman and holder of six patents, had idea for fireproof metal office furniture; launched own firm 1912. Instant success with first metal wastebasket. Prospered in 1920s, survived Depression (worked veteran employees part-time to keep them). Patented modern-day suspension file cabinet 1934. Changed company name to Steelcase 1954. Henry Idema (d. 1951) one of original investors; David Hunting (now 98) joined later, brought other investors. Henry's son Walter set up financial control; daughter Mary married current chairman, Robert Pew, 67. Hunting became sales chief. Policies: tight control; quality design; good pay, benefits in nonunion shop; aggressive marketing; exclusive dealerships (over 500 today). Steelcase biggest name in office furniture: fiscal 1990 sales over $2 billion worldwide. Three families' share of closely held company estimated worth over $2 billion.

Ireland

Crushed slag. Birmingham, Ala.; Fla. Vulcan Materials. Children and grandchildren of 3 Ireland brothers who developed crushed slag (used in highways) business into $1 billion supplier construction materials, industrial chemicals. Patriarch Charles Lincoln Ireland purchased Vulcan for his three sons 1916. Family ran company to 1956. Charles W. Ireland (d. 1987, son of H. Glenn) last of clan to head company, president 1951-59. Moved to Florida 1965 to avoid clashes with hand-picked president, Bernard Monaghan. "Charles decided," said Monaghan, "that it was important for his public company to show that a non-Ireland could run it." Professional management runs it well enough to make Irelands worth at least $400 million.

Jenkins

Publix Super Markets. Lakeland, Fla. Patriarch George Washington Jenkins hitched ride from Georgia seeking fortune speculating in Florida real estate 1925. Instead began cleaning toilets in Piggly Wiggly grocery store; store manager 6 weeks later. Snubbed by new owner, opened own store next door 1930. Publix earned $500 first year, midst of Depression; by 1940, 19 stores. Today 370 stores; employees own 67% Publix Supermarkets of Lakeland. George, now 82, bagged groceries at every new store opening until stroke summer 1989; son Howard now family leader. George's philosophy, "Give the lady what she wants," still yields margins over 2% in 1%-margin business. Family's 33% worth over $550 million.

Johnson

Princeton, N.J. Descendants of John Seward Johnson (d. 1983), heir to Johnson & Johnson fortune. Left bulk of estate to third wife and former chambermaid Barbara Piasecka Johnson *(which see)*. Vitriolic court battle with his 6 grown children settled 1986. They split $42 million, fell back on own 1944 trusts. Mary Lea Johnson Richards, died May, coproducer Broadway hits (22 Tonys), movies (The Shining; Fort Apache, the Bronx) with husband Martin; survived by 6 children, 10 grandchildren. Half $130 million estate to husband, half to kids, grandkids. Elaine Johnson Wold: Boca Raton, Fla. 63. Husband, nonpracticing ophthalmologist, handles investments. Worth $170 million. J. Seward Johnson Jr.: Princeton, N.J. 60. Sculptor (specializes in life-size groups). Led lawsuit, received largest settlement. His trust, invaded, worth $77 million. Diana Firestone: Waterford, Va. 58. Raises Thoroughbreds; winner, 1980 Kentucky Derby. Bought Calder, Gulfstream tracks for $60 million, $100 million respectively. Worth $128 million. Jennifer Johnson Duke: Jacksonville, Fla., NYC. 49. Photographer, NYC gallery-owner with brother James. Trust intact, worth over $212 million. James: Oldwick, N.J.; East Hampton, N.Y. 45. Runs farm; accomplished painter. Also over $212 million. Descendants' total: over $775 million.

Jordan

Retailing, publishing. Boston origin. With $1 capital, 14-year old Eben Jordan left Danville, Me. 1836 for Boston. Worked as farmhand, errand boy. At 29 (with partner Ben Marsh) founded Jordan Marsh 1851 (later sold to Allied Stores). Made great investment: funded Charles Taylor's *(see Taylor family)* revived Boston Globe. Family still, with Taylor's descendants, holds large block Affiliated Publications. Made killing with Affiliated investment in McCaw Cellular, which was spun off to Affiliated shareholders 1989, while cellular stock still flying high. Prominent Jordan: Dorothy (Mrs. Randolph A. Kidder), 2 children. Husband ambassador to Cambodia, 1964. Beneficiary of one-third family trust that ends in 1996, at which point Jordans may sell Affiliated holdings. Worth over $525 million.

Kelley

Honolulu. Roy Cecil Kelley, USC architecture grad, arrived in Hawaii 1929. Designed landmarks, homes. "Wizard of Waikiki" foresaw future potential as middle-class "tourist factory." Borrowed $10,000 to construct first apartment house 1933. Witnessed Pearl Harbor attack from rooftop. Built first hotel 1947: high occupancy, low rates: "Our whole attitude was utilitarian." Utilitarianism successful enough to build gradually to 9,000-room Outrigger Hotel chain, Hawaii's largest (owns 15, manages additional 12); growing mainland presence. Roy, 85, retired; son Richard, 57, Harvard-trained pathologist, now in charge. Family shares fortune estimated at $500 million.

Kennedy

Boston origin. Joseph Patrick Kennedy (d. 1969) rose from humble Irish south Boston beginnings to bank president at 25. Wall Street speculator; sold stock before 1929 crash, shorted for huge gains. Later outlawed some of own methods as first head of SEC. Ambassador to England 1937. Married Rose Fitzgerald, daughter of Boston mayor (Honey Fitz), 1914. From 9 children emerged political dynasty, tragedy. Son Joe killed WWII; daughter Rosemary mentally retarded; John F. senator, President, and Robert F. senator, attorney general, presidential candidate; both assassinated. Edward M. senator, presidential chances destroyed at Chappaquiddick. Third generation includes Joseph II, 37, Robert's son; holds Tip O'Neill's old congressional seat. Family fortune managed by Park Agency Inc. (NYC); highly secretive. Real estate (including Chicago's Merchandise Mart and Apparel Center), stock, oil and gas, fuel family fortune estimated over $850 million.

King

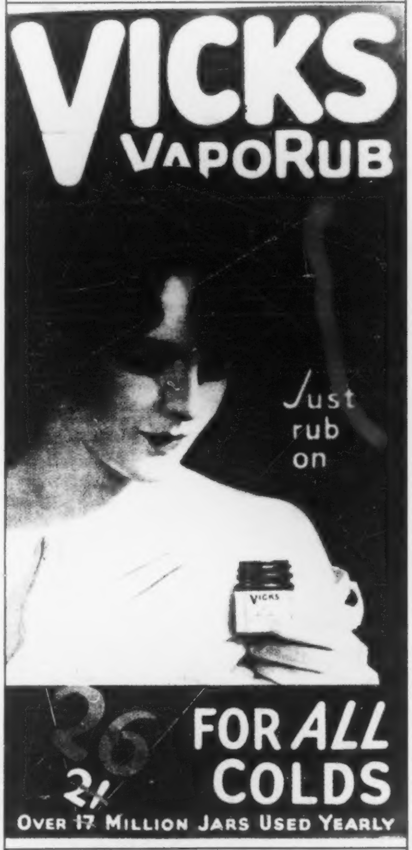
Short Hills, N.J., NYC, Calif. et al. Charles King (d. 1972) pioneer radio syndicator 1930s, formed television syndicator King World Productions 1964. Sons Roger, Michael took over early 1970s, hit jackpot early 1980s with syndication rights to *Wheel of Fortune, Jeopardy!, Oprah Winfrey Show:* top three syndicated shows: average viewer shares, upper 20s. *Monopoly,* new game show, and *Super Jeopardy* gave King World 2 prime-time game shows back to back this summer—renewal uncertain. *Instant Recall,* magazine show, premiered this fall. Sixteen-hour days not unusual for devoted, aggressive brothers. Siblings own 35%: Roger, 46, chairman; Michael, 42, chief executive; Diana, 41, vice president and secretary; Richard, 49, director. Sister Karen quit 1986; eldest brother Robert sold out for $1.7 million before company went public 1984. With other investments, family worth estimated at least $400 million. "We do our homework."

Kleberg

King Ranch, Tex. Richard King (1824-85), Rio Grande steamboat captain, bought Spanish land grants south Texas 1850s, started country's most famous ranch. Bulk (over 800,000 acres) to daughter and her husband, Robert Kleberg. Robert formed King Ranch Corp., which runs family's operations to this day. His descendants, with Exxon, found huge oil reserves on ranch; family built up other ranches Argentina, Venezuela, Spain, Morocco, Australia (7.6 million acres), Brazil. Family company now headed by non-family member Leroy Denman, recently sold off all foreign operations except Brazil. Schism over payments to family led to buyout, departure of former managers Robert Shelton, Belton Kleberg Johnson in mid-1970s. All told, Robert's descendants believed worth over $1.25 billion.

Kohler

Kohler, Wis. et al. John M. Kohler bought iron foundry 1873; enameled hog scalder, sold as inexpensive bathtub to swelling immigrant market; expanded to other bathroom fixtures. Son Walter thought big: instituted 50-year plan (this one worked, unlike Mao's), brought in Frederick Olmsted's firm (designer NYC's Central Park) to design company town; governor Wisconsin 1929-31. Walter Jr. also governor 1951-57. But uncle Herb took over firm in 1940s until his death 1968; weathered bitter UAW strike 1954-62. Herb Jr., 51, formerly "one of the great unwashed" (i.e., a hippie), became chairman 1972. Herb's "hipness" didn't hurt: sales now estimated over $1.3 billion. However, firm carries much debt. Family's share of company estimated worth over $570 million.



An early ad for Vicks VapoRub. It's an ill wind that blows nobody good. The post-World War I influenza pandemic killed millions around the world but quadrupled the sales of Vicks VapoRub, putting the Vicks Chemical Co. and the Richardson family on the map.

Krehbiel

Molex, Inc. Lisle, Ill. John Krehbiel Sr., with father and brother, invented Molex plastic combining coal- and asbestos-processing wastes. Made small plastic items (toy guns, etc.), then electrical components. Now buys plastic from outside suppliers; became major world producer electrical connectors for electronics industry. Company public 1972. John Sr. still chairman, sons run company: John Jr. president; Fred CEO, oversees international operations. First overseas investment disappointment: Japanese partner caught stealing 1967. But successful joint venture in Japan 1968, built first plant 1970: "We were frankly too naive and stupid to think we couldn't be successful, and off we went." Now 31 plants in 18 countries; overseas business 71% of sales ($572 million 1989). Family's 47% worth $390 million.

Lawrence

NYC area. Heirs of Sylvan Lawrence (né Sylvan Lawrence Cohn), whose great-grandparents began building NYC real estate empire 1860s. Sylvan dropped out of college twice, sold bikes for father-in-law NYC. Drugstore soda jerk 1946; big brother Seymour Cohn *(which see),* already in real estate, invited Sylvan to join him. Together launched impressive Manhattan real estate empire; at peak some 12 million square feet office space. Seymour: "Being brothers we had a tremendous edge. We went to work together, we came home together. We always worked Saturdays. Sundays we'd talk real estate." Sylvan battled cancer; after death 1981, company sold many properties for over $600 million, held on to 4 NYC buildings. Seymour: "I never looked at it as if we were two people. We were one." Sylvan's heirs' interest exceeds $400 million.

Lilly

Indianapolis et al. Descendants of Colonel Eli Lilly, Civil War veteran who opened chemist's shop. Started Lilly's Laboratory with 4 employees, 14-year-old son 1876. Son

Josiah took over 1901, introduced first commercial insulin 1920s. Succeeded by two sons: Eli, Josiah Jr. First mass-produced Salk polio vaccine 1950s. Marketed first drug based on gene-splicing technology, Humulin, 1982. Also medical instruments, agricultural and animal health products, etc. (1989 sales, $4.2 billion). Medical landmarks accompanied by legal entanglements of 1970s, 1980s: Oraflex, DES, Darvon. No longer family-managed. Immensely charitable: grandson Eli (d. 1977) left 98% of estate to charity. Lilly Endowment, established 1937, $2 billion trust for Indiana educational, religious development. Stockholdings uncertain: if diversified out of Lilly, estimated at least $1 billion. If original stock held, over $2 billion.

Lykes

Tampa, New Orleans et al. Descendants of Dr. Howell Tyson Lykes (d. 1907), who altered career path when inherited 500 acres near Brooksville, Fla.; became rancher 1870s. With 7 sons, amassed fortune raising, shipping cattle to Cuba. Lykes Brothers diversified starting 1940s: insurance, real estate, steelmaking, natural gas, banking, citrus. Lost Cuban acreage in Castro takeover. Merged steel operations with LTV Corp. 1978; escaped mostly unscathed from infamous LTV crash 1986. Family bought famed steamship line back from LTV 1983. Own some 350,000 acres Glades County, Fla.; 250,000 acres Texas ranchland. Great-grandson Thompson Lykes Rankin, 50, now heads empire. Some 200 family members quietly share fortune worth at least $650 million.

Mack

NYC et al. Descendants of Philip Mack, Russian immigrant who founded construction/demolition company at turn of century: "He got his startup capital by putting his money under the mattress." Son H. Bert, grandsons built Mack Co. into pioneer suburban commercial development firm; industrial sites N.J. Meadowlands 1960s, office parks 1970s. Now control over 11 million square feet industrial space, 5 million square feet office space N.Y., N.J., Pa., Fla., Ariz. Reduced development activity in 1987: "The time to buy an umbrella is when the sun is shining." Diversified into other corporate investments 1980s: backed Paul Bilzerian in 1986 Hammermill Corp. bid, split $58 million profit; also Arkansas Best 1988. With partner, reportedly offered Eddie Chiles over $80 million for Texas (baseball) Rangers 1988. Fortune believed over $500 million.

Marriott

Washington, D.C. Heirs of J. Willard Marriott Sr., entrepreneurial wizard behind Marriott Corp. who sold underwear to pay college tuition. With wife Alice opened 9-seat root beer stand in D.C. 1927, 5 months later added food, became "The Hot Shoppe." Brought drive-ins to the East, grew into chain. Pioneered airline catering business 1937. Cautious: "A pioneer is a guy with an arrow in his back and his face in the mud." Built worldwide conglomerate of hotels, restaurants, and airport gift shops. D. 1985. Wife Alice, sons J. Willard Jr. and Richard continued growth. 1989 revenues $7.5 billion. Concentrating on lodging and contract services (airport and toll road concessions); selling off restaurant, food service business (Roy Rogers for $365 million April 1990; airplane catering for $570 million December 1989). Family's Marriott stock, etc. exceed $700 million.

McClatchy

Sacramento, Calif. et al. Descendants of James McClatchy, Irish immigrant reporter for Horace Greeley's New York Tribune. Went west with gold fever 1849; helped found Sacramento Bee 1857, editor same year; later bought entirely by family. Granddaughter Eleanor took over 1936, ran papers until death 1980. Used papers for political purposes championing liberal causes; stayed out of limelight: "I am content to have people think I live in a cave and wear horns." Nephew James now chairman, with 20 newspapers, including Tacoma (Wash.) News Tribune and Anchorage Daily News. Brother C.K. (d. 1989) took public 1988. Less than a dozen family members maintain all Class B stock, worth around $400 million.

McGraw

NYC et al. Upstate N.Y. schoolteacher James McGraw hawked magazine subscriptions to supplement income. Bought railway trade publication from his firm 1888. Acquired other railroad, trade magazines; owned 20 magazines and book business by late 1920s. McGraw-Hill now international information conglomerate, with over 80 magazines & newsletters, 4 TV stations, Standard & Poor's, book publishing, etc. Grandson Harold W. Jr., 72, CEO 1975; noted for thwarting $1 billion American Express takeover attempt 1979; retired 1988. Still a family company: son Harold III, 42, in wings, now one of 2 executive VPs of operations. At least 30 descendants control 20% stock worth $500 million.

Mead

Consolidated Papers. Wisconsin Rapids, Wis. George W. Mead left Illinois furniture store for Grand Rapids 1902 to settle deceased father-in-law's estate; intended to stay few weeks to run hydroelectric, paper conglomerate until qualified paperman found. Took over construction of dam, paper mill; stayed 59 years. Built first electrically powered paper machine. Reinvested profits. Consolidated Paper expanded under son Stanton 1950-66 (d. 1988). Grandson George II, 63, joined company as chemical engineer; industry's youngest president at 39. Still has first paper account, also FORBES. Challenged by competitive market, paper surplus: "We're selling very hard." Aggressive reinvestment program spearheaded by two paper machines, cost: over $800 million. At least 80 family members share 39% stock worth over $625 million.

Mellon

Pittsburgh area. Original Andrew Mellon arrived America 1818. With brothers bought farmland, lots of it, d. 1856. Son Judge Thomas Mellon left family farmstead, studied law while also attending Western U. Invested in coal, real estate. Started T. Mellon & Sons, predecessor of today's Mellon Bank. Enjoyed tenure as Common Pleas Judge, but quit 1869: ". . . I was making too great a pecuniary sacrifice." Judge Mellon's sons Andrew and Richard B. turned father's holdings into one of three largest American fortunes pre-WWI (with Rockefeller and Vanderbilt). Andrew leader in creating financial institutions, venture capital (Aluminum Co. of America, Koppers, Gulf Oil, etc.). U.S. Secretary of Treasury 1921-31; reduced national debt from $24 billion to $16 billion. Exonerated after death 1937 of insinuations of income tax fraud. R.B.'s son, Richard King Mellon, managed family businesses 30 years. Merged existing Mellon banks; drew scattered Mellons back to Pittsburgh to centralize fortune. Revitalized Pittsburgh: directed flow of $160-million-plus Mellon funds to Carnegie-Mellon, U. Pittsburgh. Family fortune should exceed $4.4 billion *(see various Mellons, Scaife, Milbury, May, Conover, Curriers, Patterson).*

Murphy

Murphy Oil Corp. El Dorado, Ark. Banker Charlie Sr., "Mr. Charlie" (d. 1954), built 100,000-acre timber farming empire; discovered oil Louisiana 1907. Son Charlie Jr. invested $5,000 gift from grandfather in own oil company. Took over Murphy Oil at 21 after father suffered stroke; had to forgo college but taught self classics, foreign languages. Built integrated company with international reserves, refineries through mergers, exploration, reinvestment. Now 69, still chairman. Three sons, 3 other relatives in business. Secret of family company: "See that your sisters marry outstanding men." Some 50 descendants; family owns 35% Murphy stock, Arkansas timberland, etc. worth $625 million.

Nordstrom

Seattle. John Nordstrom (d. 1963), Swedish teenager, immigrated to U.S. with $5 in 1888. Traveled west, learned English as mine worker, lumberjack; settled in Seattle, opened shoe store 1901. Turned over to 3 sons, 1930. Sons expanded, diversified into apparel with heavy emphasis on customer service. By 1989 company sales $2.2 billion. Led by three grandsons of founder, James, Bruce, John. Tradition of treating customers like royalty has downside; some employees complain it is at their expense. Jim, "Mr. Jim" to employees, responds to complaints: "I have as many people thank us for letting them work all these hours as complain." After disgruntled "Nordies" complained to authorities, $15 million was set aside for back wages. Mr. Jim and relatives worth $1.2 billion.

Norris

Inheritance. Lennox International. Descendants of D.W. Norris, owner Marshalltown (Iowa) Times-Republican, who helped father-in-law get job 1904 by buying coal-furnace operation from machinist-inventor David Lennox; paid $40,000. Pioneered sheet-metal furnaces; business boomed when country went for central heating. Son, John Norris, developed oil, gas furnaces 1930s. Now sales over $1 billion annually; subsidiaries include Heatcraft Inc., Armstrong Air Conditioning. John Jr. (grandson of founder) in charge since 1980. Company stock passes "an inch at a time" to around 50 family members as gifts. Lots of inches: company worth estimated $600 million.

O'Connor

Victoria, Tex. Descendants of Thomas O'Connor (d. 1887), Irish immigrant who moved to Texas as teenager early 1830s. Fought in Lone Star War of Independence 1836. Built up 400,000-acre ranching empire south Texas. Two sons expanded ranching empire, added 200,000 acres out of state, raised Braford cross-breed of cattle more adaptive to Gulf Coast climate. In mid-1930s discovered huge oil reservoir on land. "Tom O'Connor" oilfield one of most productive in Texas. Family also owns 39% Victoria Bancshares—a place to keep the money. Steeped in ranching tradition, emphasis on preservation. Senior family member: "We're just caretakers for the next generation." About 30 family members share fortune believed to be worth over $560 million.

Pew

Philadelphia origin. Joseph Newton Pew Sr. founded Sun Oil Co. 1886; developed technique to capture and pipe previously wasted natural gas; bought into legendary Spindletop, Tex. oil strike 1901. Died at his desk 1912. Son J. Howard (d. 1971) president 1912-47, returned as chairman 1963-70; last Pew to run firm. Anderson Pew, 53, great-grandson of founder, head of Sun subsidiary. Family, staunch Republicans, Presbyterians, dispersed nationwide. Pew charitable trusts among nation's largest (over $3 billion in assets), support education, health services; managed by Glenmede Trust. Hundreds of family members own 6% of Sun Co., 6% of Oryx Energy, other securities; together worth over $680 million.

Phipps

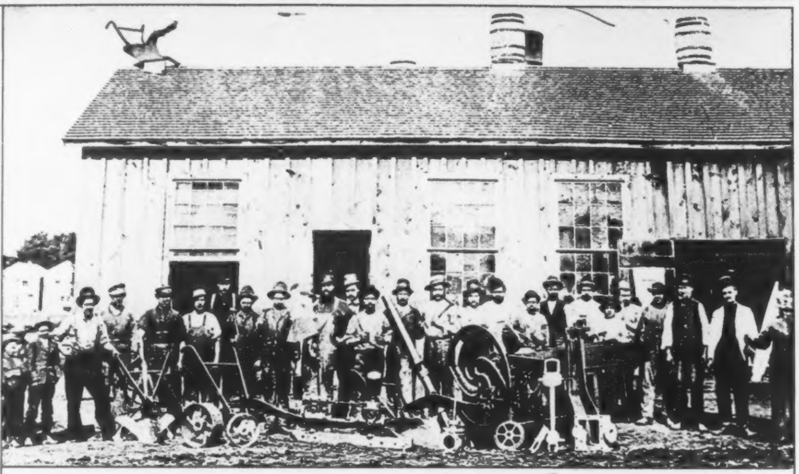
Pittsburgh origin. Henry Phipps, son of Philadelphia cobbler, neighbor of Andrew Carnegie, became steel titan's accountant, business partner. Cleared cool $50 million when Carnegie sold steel mills to J.P. Morgan 1901. Created Bessemer Trust—affectionately named after steelmaking process—for 5 children 1907. Bessemer Trust is one of 3 banks overseen by holding company Bessemer Group. BG took in other clients, grew exponentially. Now manages over $7.5 billion: estimated $1.9 billion belongs to Phipps. Over 100 fifth-generation Phipps (now include Guests, Mannings, Martins) mostly N.Y., Fla. Much discontent, litigation over Bessemer's (known as The Office by family) tight control of fortune. Henry's grandchildren Howard Jr. (now vice chairman of Bessemer Group) and Anne Phipps Sidamon-Eristoff share estimated $380 million portion of family portfolio of fixed income securities, real estate, shipping, oil and gas interests, etc.

Pigott

Seattle. Descendants of William Pigott Sr. Made railway cars and trailers for Northwest logging industry, founded Pacific Car & Foundry 1905. Built tanks, tugs WWII; later, son Paul got into heavy-duty trucks: Kenworth and Peterbilt. Now largest U.S. producer heavy-duty trucks; 1989 sales over $3.3 billion. Family retains estimated 40%. Recently added poison pill against possible black knight, Harold Simmons *(which see)*. Grandson Charles, 61, Paccar CEO, chairman. James, 53, left to buy E.K. Williams franchises selling financial control services for small businessmen. Thirty-plus family members believed to share Paccar holdings worth over $550 million.

Pitcairn

Bryn Athyn, Pa. et al. Descendants of Scottish-born Pennsylvania Railroad superintendent John Pitcairn (d. 1916), who launched glassmaking plant on Allegheny River 1883. PPG grew into huge company (1989 revenues, $5.7 billion). Sons stayed out of business, pooled inheritance, formed family trust. Spent time collecting art, practicing family's Swedenborgian faith. Later generations became discontented with trust. Complained "inherited neither the great financial wealth of our fathers nor the capability and energy required to be creators and builders." Family sold PPG stake 1985, formed Pitcairn Financial Management Group. Began managing outside money 1989; now over $1.2 billion in assets. But perhaps sold too soon; sales and earnings up: family business now repurchasing stock. Pitcairn share estimated over $800 million, some evidence suggests over $1 billion.



Early Kohler factory, when the firm was still making agricultural equipment. Their enameled hog scalder proved popular as an inexpensive bathtub for people, and the firm soon moved into bathroom fixtures. Later, the Kohler family company thought of treating bathroom equipment as decorative, not just utilitarian, objects.

Pulitzer

St. Louis et al. Descendants of Joseph Pulitzer (1847-1911), penniless Hungarian immigrant who settled in St. Louis after Civil War, paid $2,500 for bankrupt Dispatch 1878; encouraged muckraking, yellow journalism. Later merged with St. Louis Post. Purchased New York World, now defunct, and built into dominant newspaper. Founding father American journalism: started first grad school for journalism, Columbia, 1903; also Pulitzer awards. Joseph's company, now Pulitzer Publishing, owns 3 dailies, over 90 weeklies, 7 TV stations, 2 radio. Grandsons Joseph Jr., 76; Michael, 60; and David Moore, 66, repulsed efforts by outsider Al Taubman *(which see)* to buy shares from discontented family members and gain control. Renegades bought out for $187 million 1986. Joe Jr. also prominent art collector (Picassos, Monets—including a "Water Lilies"—Matisses). Family fortune exceeds $570 million.

Reed

Seattle et al. Descendants of Sol G. Simpson, who cofounded Simpson Timber with A.H. Anderson in 1890. "Sleepy lumber company" until 1950s, when papermaking was added. Reputation for quietly buying timber properties at bargain prices, replanting for long term. Now has 750,000 acres West Coast timberland, including 200,000 acres redwood. Value rising because of exports to Asia, environmental pressure to limit cutting on public lands. William Reed Jr., 51, chairman and chief executive since 1971. In 1987, after three-year legal battle, last 37½ nonfamily shares bought out for $195,000 each; former owners crying foul. Fewer than 50 descendants share a company valued at $1.4 billion.

Richardson

Greensboro, N.C.; Conn. et al. Teacher-turned-pharmacist Lunsford Richardson (1854-1919) sold N.C. drugstore 1905 to finance creation: Vicks VapoRub, (named after brother-in-law). Post-WWI flu epidemic quintupled sales. Son H. Smith (d. 1972) principal builder Vicks Chemical. After acquisition, renamed Richardson-Merrell, Inc. 1938. Sold to Dow Chemical 1981 for $80 million stock. Created Richardson-Vicks (Clearasil, Nyquil). Grandson Stuart became chairman, reluctantly merged with P&G 1985 for over $400 million. Invested in lucrative Vanguard Cellular Systems; owns about one-third. Over 200 descendants form close-knit family: quarterly newsletter, biennial meetings. Combined fortune estimated $720 million.

Rockefeller (John D.)

NYC et al. Descendants of John D. Rockefeller, world's first billionaire, founder Standard Oil. Frugal accounting clerk who invested in merchant grain business 1858; put $4,000 into oil refining 1863. Did better than okay: 7 years later Standard Oil; went on to form legendary monopoly. Furor led to Standard Oil trust breakup 1911. To marry Abby Aldrich, only son John Jr., gave her father long, earnest recitation of his financial prospects (Mr. Aldrich was won over). Between them, two John D.'s gave over $1 billion to charity—when a billion was still a billion. Jr. had 6 children: daughter Abby, sons J.D. III, Nelson, Winthrop (all deceased) and surviving sons Laurance, David *(which see)*. Abby (d. 1976), widow of banker Jean Mauze, had 2 daughters: Abby Milton O'Neill and Marilyn Milton Simpson (d. 1980). John D. IV (Jay), one of 4 children of John D. III (d. 1978), was West Virginia governor (1977-84), now U.S. senator (spent over $12 million on race). Nelson (Rocky; d. 1979) left 6 children; 4-term liberal GOP New York governor, 3-time contender for presidency, Ford's vice president. Combined family fortune estimated over $5.2 billion.

Rockefeller (William)

Greenwich, Conn.; NYC et al. Some 75 descendants of William Rockefeller (1841-1922), easygoing brother of John D. and cofounder of Standard Oil. Ran Standard Oil of N.Y. (now Mobil) until trust-busted 1911. Controlled as much as 12.5% of trust, plus extensive railroad, utility stocks; became Wall Street speculator. Two sons married daughters of James Stillman, head of National City Bank of N.Y. (now Citibank). One of *their* sons married a niece of Andrew Carnegie. Two daughters married into other fortunes: McAlpin, Dodge. Family's holdings today include blue-chip stocks, land in Greenwich. Sold Cranston Printworks (textile printing) to employees 1987. Some assets run by Andrew Rockefeller, 60, William's great-grandson. Fortune believed over $350 million.

Rose

NYC. Jerusalem-born David (d. 1986) cofounded Rose Associates with brother Samuel (d. early 1960s) in Bronx 1920s, later moved to Manhattan. One of NYC's oldest, biggest apartment builders, managers; now run by Samuel's sons: Frederick builds, Daniel plans, Elihu manages (all Yalies). Lesson from father, uncle: "The best fertilizer is the farmer's shadow on every piece of property." Now own, manage apartments, offices, hotels, shopping centers on East Coast. "They're sitting in a fortunate position, without debt." Roses swim against tide: filed 1990 to convert over 3,000 Manhattan rental units to co-ops, condos. Stay out of public eye. Gave $15 million for Lincoln Center's new arts complex. "The world needs a Lincoln Center more than another shopping mall." Estimated net worth: $450 million.

Rosenwald

NYC et al. Julius Rosenwald (d. 1932) moved to NYC from hometown Springfield, Ill.; opened small clothing factory. Invested $35,000 in Sears, Roebuck & Co., bought out Alvah Roebuck 1895, Richard Sears 1913. Pioneered mail-order retail for rural, suburban market. Had $270 million sales 1927, became world's largest retailer. Donated $50 million to educational, other causes. Five children sold most of Sears stake, diversified into real estate, cable TV, magazines, etc. Son Lessing (d. 1979) former Sears chairman, donated large art collection to Library of Congress. Daughter Edith Stern (d. 1980) civil rights activist. Son William still runs own investment firm, American Securities Corp; chairman United Jewish Appeal. Over 100 family members share fortune believed over $500 million.

Sammons

Dallas. Heirs of Charles A. Sammons (d. 1988, at 90), founder of Sammons Enterprises, diversified life insurance, cable and distribution firm. Born Oklahoma 1898, raised by aunt after early death of parents; moved to Plano, Tex. 1918 to trade hay and grain: "I couldn't find a job and I didn't know a business." Invested profits in bank stock; bank went bust. Consummate entrepreneur then started insurance business; Reserve Life Insurance Co., Dallas 1938, still Sammons flagship. Much later, cable: Sammons Communications now 854,000 subscribers. Arranged estate to avoid dismemberment of Sammons Enterprises: 60% now owned by charitable foundations, 10% by ESOP; but 30% remains in trust for benefit of Sammons descendants: only daughter, her nearly 20 children and grandchildren. Low-profile family worth estimated $550 million.

Scripps (E.W.)

Cincinnati origin. Inheritance, newspapers. Descendants of Populist publisher Edward Wyllis Scripps (d. 1926), who launched Cleveland Press at 24 in 1878; founded nation's once-largest newspaper chain, also UPI. Fractious family history: half-brother James Edmund broke with E.W., formed competing firm; E.W.'s grandson, James G., left to found separate Scripps League; other grandson, John P., departed 1928 to establish own chain, remerged with others 1986. Original company, E.W. Scripps Co., went public 1988. Publishes 19 dailies, including Rocky Mountain News and Pittsburgh Press, runs United Media syndicate ("Peanuts," "Garfield," etc.), owns 80% Scripps Howard Broadcasting. 32 descendants of E.W. worth over $1.2 billion.

Scripps (J.E.)

Detroit area et al. Descendants of English immigrant James Edmund Scripps (1835-1906), who arrived in Illinois 1844, conceived "people's press": short, simple stories for working class, radical departure from contemporary elitist papers. Began Detroit (evening) News 1873; had to sell farm to pay large debt. News big success; formula applied elsewhere. Bitter split with half-brother E.W. *(see above)* early 1900s. Through series of mergers, built into Evening News Association. Separate chain founded by George Booth, Scripps executive who married into family. Heirs ran companies separately, successfully. Booth Newspapers sold for $300 million 1976 (34% family stake). ENA sold to Gannett for $717 million 1985; former president and great-grandson Peter Bruce Clark (once Yale assistant professor), 61, now Gannett director. Over 50 descendants share fortune estimated over $850 million.

Searle

Chicago. Great-grandchildren Gideon Searle, who bought Indiana drugstore after Civil War, founded one of nation's first drugstore chains. Began making drugs as G.D. Searle 1888. Grandson John responsible for remarkable profitability 1936-66: introduced Dramamine; also first oral contraceptive. John succeeded by son Daniel (CEO 1966-77). Company began to flounder; Daniel brought in Donald Rumsfeld as replacement. Rumsfeld, former Defense Secretary, saved company; won government approval for aspartame (NutraSweet). Sold out to Monsanto 1985. Senior members of the family—Daniel, brother, sister—active in investments. Recently disbanded family venture capital firm, Earl Kinship Capital Corp. Daniel successful art collector, sold off collection of 19th- and 20th-century paintings for $34 million: art market "outpaced my collecting resources." Twenty-seven family members share assets worth over $750 million.

Segerstrom

Orange Co., Calif. Charles John Segerstrom arrived U.S. from Sweden 1882 with wife, 11 kids. Started farming 40 leased Orange Co. acres; gradually bought land, with 4 youngest sons. A lot of land. C.J. died 1928. By 1950s C.J. Segerstrom nation's leading grower of large lima beans. Diversified into real estate: industrial space, shopping centers, offices. Firm now headed by grandson Henry, 67; mother Nellie Ruth, 92; cousin Harold Jr., 62. "They never made a decision and left the room unless [they all] supported it." Built the nation's largest mall, South Coast Plaza, Costa Mesa, Calif. 1967: 2.7 million square feet, with annual sales over $600 million. Henry, Harold and Nellie partners in very private company with equity estimated well over $500 million.

Smith

Chicago. Banking family with large holdings in Northern Trust, financed two Swedish toolmakers who founded Illinois Tool Works 1912. Family eventually assumed control of tool company, which later expanded into fasteners, screws, washers. Today also makes packaging systems, medical and computer supplies, engineering components. Famous for developing now-ubiquitous plastic 6-pack carrier 1960s. Recently acquired division of Eagle Industries, DeVilbiss, a manufacturer of industrial finishings and coatings. ITW 1989 sales over $2.2 billion. Family still active: Edward Byron Smith, 81, on the board; Harold Jr., 57, chairs the executive committee. Smiths' 28% Illinois Tool Works and 20% Northern Trust stock worth more than $770 million.

Stroh

Detroit. Family started with small brewery 18th-century Germany. Bernard came to Detroit 1850 with $150; brewed beer, delivered barrels door-to-door with wheelbarrow. Weathered Prohibition making ice cream (still sold in Michigan, Ohio, Illinois). Great-grandson and CEO Peter, 60, persuaded family to buy F&M Schaefer for $70 million 1981, Schlitz for $500 million in 70%-financed deal, 1982: "I knew it was either grow or go." It may be go. Schlitz down sharply. Bread & butter low price brands (Old Milwaukee, Schaefer) now declining margins due to fierce competition from other brands. Total Stroh's revenues declining; total barrels sold expected down 10% this year. Also real estate: developing large multi-use facility, RiverPlace, downtown Detroit. Family's shrinking company believed still worth some $500 million.

Stuart

LA; NYC; Bellevue, Idaho et al. Grandfather Elbridge Amos Stuart founded Carnation Co. 1889 Kent, Wash. Paid $25,000 for evaporated milk process; sold milk to prospectors en route to Yukon gold rush. Much later: Coffee-mate, Instant Breakfast, Friskies, etc. Sold to Nestlé for $3 billion 1985. Grandson Dwight, 66, divorced 3 times, remarried to Maria, daughter of Philippines ex-senator Sergio Osmena; 5 children. Company president 1972-83; decided to sell family's 33% stake to Nestlé while in alcohol detox treatment. Brother Elbridge, 73, married to noted paleontologist Marion Butler Stuart; 3 children. Carnation VP to 1961; now lives on secluded Idaho ranch, raises beef cattle (also site of Marion's private museum). Two cousins live very privately in California. Combined family fortune about $800 million.

Sulzberger

NYC. New York Times. Adolph S. Ochs (1858-1935), Tennessee newsman, bought Times for $75,000 1896. First successful publisher, made it NYC's "newspaper of record." Published by son-in-law A.H. Sulzberger 1935-61; grandson-in-law took over until his death 1963. Arthur Ochs (Punch) Sulzberger, 64, present publisher, grandson of founder, thrust into job 1963; chairman 1973. Revamped Times 1970s by improving labor relations, expanding profitable special sections. Diversified: regional papers, magazines, TV, radio. Son Arthur (Pinch) Jr., 39, deputy publisher, in wings. Punch, 3 sisters, all directors, trustees of four trusts (from original Adolph S. Ochs Trust, divided on death of Times matriarch Iphigene 1990); family New York Times stock worth $375 million.

Swig

San Francisco. Heirs of Ben Swig, Bostonian partner with Jack Weiler *(see family)*. Jack stayed NYC, Ben to San Francisco 1946. Extremely philanthropic: "Give it away while you're alive, because there are no pockets in shrouds." Families built, bought commercial, hotel, residential properties. Swig, Weiler & Arnow now control over 5 million square feet, mostly office space in NYC, SF. Swigs own posh SF Fairmont Hotel, 4 sister Fairmonts nationwide, bought out "non-growth-oriented" Weilers' 50% 1982. D.C.

Fairmont in works. Ben's sons: Richard, 65, runs hotels; Mel, 73, does deals. "It's hard to say if we would be friends if we hadn't been brothers." Brother-in-law Richard Dinner, 69, retired. "We're being very cautious in this market." Estimated worth $600 million.

Taylor

Publishing. Boston origin. Fading Boston Globe revived 1872 by General Charles H. Taylor with funding from Jordan family patriarch, Eben Jordan *(see family)*. Jordan rewarded Taylor's good work with option to purchase half of company (he did). Paper's management dominated by three succeeding generations of Taylors. William O., 57, great grandson of the general, current chairman of umbrella company Affiliated Publications. Fifth generation now entering fray; executive editor Ben Taylor, business manager Steve Taylor elected to Boston Globe's board this year. Investment 1981 in small cellular startup company called McCaw Communications reaped huge rewards. To avoid takeover, company forced to "spin off" to shareholders. With Affiliated, McCaw stock, family worth over $500 million.

Temple

Diboll, Tex. origin. Descendants of Thomas Louis Latane Temple Sr., owner 7,000 east Texas acres, founder Southern Pine Lumber Co. 1893. Son Arthur inherited 200,000 acres and company laden with $2 million debt at father's death 1934; survived. Grandson Arthur Jr. spurred company on to half-million-acre forest, 1973 earnings $9.6 million; developed innovative selective harvesting methods. Merged with Time Inc. 1973; Arthur Jr., 70, Time vice chairman 1978-83, now chairman Temple-Inland, spun off 1984. Opposed to Warner Communications merger, quit Time board 1989. Temple-Inland building in mortgage banking, S&L acquisitions. Son Arthur III (Buddy), 48, after political career now runs family's real estate investments. Family fortune estimated at least $850 million.

Upjohn

Kalamazoo, Mich. Descendants of Drs. Henry and William Erastus Upjohn. W.E. invented, patented first dissolvable pill for accurate dosage. Brothers founded Upjohn Pill and Granule Co. 1886. Innovations: Phenolax wafers, Kaopectate, oral digitalis tablets for heart patients; first to mass-produce antibiotics WWII. Went public 1958. Anti-baldness wonder drug approved by the Federal Drug Administration 1988, but ineffectiveness and marketing gaffes brought only one-tenth expected revenues first year. Expanding into agricultural concerns with Asgrow Seed Co., develops vegetable seeds. Family is believed to control 25% stock worth $1.8 billion.

FPG

Gold miners camping in tents in the Yukon winter near the turn of the century. Elbridge Stuart wasn't so foolish as to try to make his fortune in the goldfields, where more people probably died than struck it rich. Rather, he made it by selling his new Carnation evaporated milk to would-be prospectors heading there. He and the contented cows stayed home.

Watson

Armonk, N.Y. origin. Descendants of "the world's greatest salesman," Thomas John Watson. Born New York 1874, started as $6-a-week bookkeeper, eventually became president Computer-Tabulating-Recording Co. 1914. Took salary, piece of profits, and gradually bought up shares. Renamed International Business Machines 1924. Fond of mottos: "Think." Created and dominated market for punch card accounting equipment; saw potential of first commercial computer from Univac. Died 1956, at 82. Left 4 children (2 deceased). Thomas Jr. ran IBM till 1971, built Computer Age: mainframes, circuit boards, silicon chips. And today's giant—first-half 1990 sales $30.7 billion, net profits $2.4 billion; largest U.S. market cap ($58.7 billion). No Watson currently in IBM; family now believed to hold stock worth well over $500 million.

Wattis

Ogden, Utah. Descendants of Edmund O. Wattis, cofounded Utah Construction 1900 with brother W.H. to finish railroad for bankrupt employer. David Eccles, Mormon banker, lumber tycoon, polygamist, financed. Over next 50 years UC undertook massive construction projects: Hoover Dam, San Francisco-Oakland Bay Bridge, Western Pacific Railroad. Under E.O.'s grandson, E.W. Littlefield *(which see)*, company became international mining giant 1960s. Sold to GE 1976. One aunt, 8 third-generation cousins share proceeds. Extremely charitable: Aunt Phyllis, supporter

San Francisco performing arts, recently dissolved trust, giving $26 million. Cousin William Kimball supports higher education. GE stock provides deep pockets, worth $1.1 billion.

Weiler

NYC. Family of Jack Weiler, 86, son of Ukrainian Talmudic scholar, operated in NYC while partner Ben Swig *(see family)* handled Boston, then SF. Top lease broker for big retail chains 1940s, 1950s. Now Swig, Weiler & Arnow owns some 5 million square feet office space. Sold half of Fairmont Hotel chain to Swigs 1982. Still partners in all else. Jack devoted to Jewish charities: "Philanthropy comes first, ahead of my business." Built homes for Israeli immigrants after WWII. Son Alan, 56, company attorney; son-in-law Robert Arnow, 66, also active. Conservative Weilers share fortune estimated at $570 million. "Take us off the list, you won't hurt our feelings."

Weyerhaeuser

St. Paul, Tacoma, Wash. et al. Frederick Weyerhaeuser (1834-1914) first worked in Illinois sawmill as teenage German immigrant. With brother-in-law, bought the mill out of bankruptcy 1857. Built up to become leading timber baron, chopped timber in swath from St. Paul to Pacific. Bought 900,000 acres at $6 an acre from railroad magnate James Hill 1900; formed Weyerhaeuser Co. "The only times I lost money were when I didn't buy." Business empire included some 200 related companies, biggest with interlocking directorates. Cut-and-run methods target of muckrakers. Company pioneered tree farms 1940s "for our grandchildren." Today draws backhanded praise from environmentalists: "Best of the SOBs." Great-grandson George, 64, CEO. Over 250 descendants share 10% Weyerhaeuser stock, other investments worth estimated $750 million.

Whittier

Southern California. Descendants of Mericos H. (Max) Whittier, cofounder Belridge Oil 1911 with 4 partners: purchased option on property in Bakersfield, Calif. when he found oil seeping from ground; president until death 1925. Son Leland president 1965-79. Two families sold out to Texaco, Mobil 1930s; Whittier, Buck, Green families sold to Shell for $3.6 billion 1979, largest takeover to date. Max' 4 children got $475 million (total) after taxes: Leland (d. 1984), Helen Whittier Woodward (d. 1984), Donald (d. 1983) and N. Paul, 86. Family maintains oil company, M.H. Whittier Corp. Charitable acts include Helen's donation of eye institute to Scripps Foundation, Asia Complex to San Diego Zoo. Proceeds from oil, other investments believed worth $750 million.

Wirtz

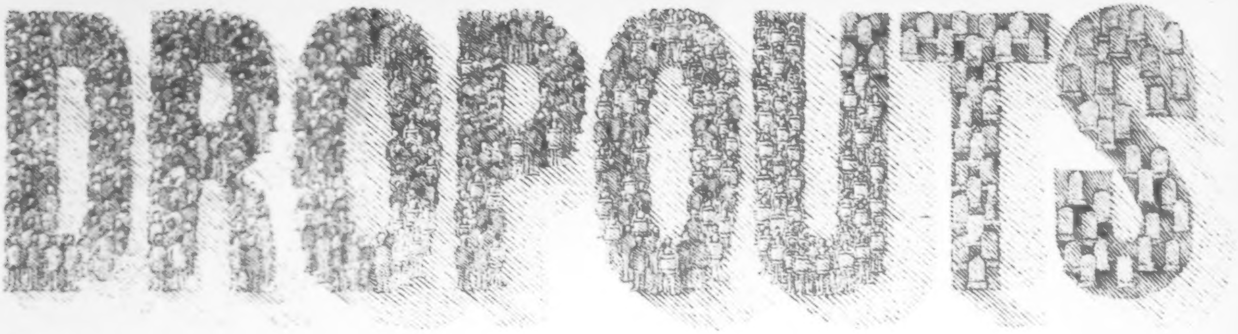
Chicago. Descendants of Arthur Wirtz, son of Chicago policeman, built fortune in Chicago real estate beginning 1922; by 1927 owned or managed 80 lakefront buildings. Teamed up with grain speculator James Norris, bought at Depression bargain prices. Next purchased string of sports arenas, including Madison Square Garden, Olympia Stadium in Detroit; split up by antitrust suit 1957. Separately, Norris' daughter sued for damages in stock fraud case, but statute of limitations ran out. Arthur died 1983; oldest son, William, 61, manages family's liquor distributorship (among largest Minnesota, Illinois), Chicago real estate, banking, hotel interests. Also own Chicago (hockey) Blackhawks, share of (basketball) Bulls. New Chicago sports complex having problems. "Since the Daley Administration got in, we haven't seen too much progress." Worth $550 million.

Wolfe

Columbus, Ohio et al. Descendants of brothers Robert and Harry, who created 19th-century fortune from Wear-U-Well shoes. Family invested in media: bought Columbus Dispatch 1905; later 2 TV, 2 radio, Ohio magazine; also banking, real estate interests. Grandson Edgar Jr. died in plane crash 1975. Edgar III died of AIDS 1985; family feud ensued over estate. Politically powerful Republican family considered one of Ohio's most influential: "Nobody has a monopoly on money, but Wolfe has a monopoly on communications." Terse grandson John W., 62, cousin John F. (publisher, CEO of Dispatch), direct 14-member family's affairs. Stock, other visible assets worth over $425 million.

Yates

Artesia, N.M. First commercial wells on New Mexico side of Permian Basin drilled by oilman Martin Yates Jr. 1921. According to family legend, Martin struck dry well after dry well until his wife picked site; then hit gusher. Built rapidly 1920s: constructed pipeline, refinery. Sold refinery during Depression. Martin's sons—Harvey, Saint Clair Peyton (S.P.), Martin III and John—followed him into business, further built up Yates Petroleum. Harvey left business 1963 after disastrous foray into mining forced him to sell out to his brothers; bounced back and rebuilt oil fortune with his own company, Harvey Yates Company (Heyco). Third generation following lead of second into oil business. Harvey's, other's kids now active in family business or on own (Harvey Jr. runs Cibola Energy Co.). Yates Petroleum, Heyco, other companies, estimated worth over $775 million.



Chas B Slackman

We added 43 names to The Forbes Four Hundred this year, meaning 43 old names came off. This year, 6 died, 35 had fortunes that fell too far, 1 fortune was realigned, and 1 was removed. For some, it was a tough year to be rich.

Newly departed

DIED

Busch, August Anheuser Jr. St. Louis. Piloted Anheuser-Busch to the top in brewing, Budweiser to the King of Beers. Died Sept. 29, 1989 when he was 90, of pneumonia. Fortune, estimated in 1989 at $1.5 billion, left to family members. Son August Busch III now chairman of company. *(See Busch family.)*

Caruth, William Walter Jr. Longtime Dallas landowner died May 4 of self-inflicted gunshot wound at the age of 78. Suffered from pneumonia, emphysema. Left estimated $500 million fortune (1989) to wife, loyal friends, Communities Foundation of Dallas.

Forbes, Malcolm Stevenson. Far Hills, N.J. With brothers, inherited FORBES magazine from father B.C. Died Feb. 24 of heart attack at 70. At helm during 25 years of heady growth. His complete and utter *joie de vivre* kept national eye on himself and magazine—exotic motorcycle and balloon trips, etc. Survived by 4 sons and 1 daughter. Steve (MSF Jr.) holds controlling 51%. While alive, he lived.

Griffin, Ben Hill Jr. Avon Park, Fla. Died Mar. 1 at 80; his citrus empire, estimated at $390 million in 1989, is being managed by son Ben III.

Lurie, Robert Harris. Chicago. Died June 20 at 48, of cancer. Estimated $425 million fortune (1989) from real estate and various investments with longtime partner Samuel Zell *(which see)*. Survived by wife and 6 children.

Root, Chapman Shaw. Ormond Beach, Fla. Died July 2 at 65. Estimated fortune (Coca-Cola Bottling) $290 million in 1989. Survived by wife, daughter, 5 sons, 12 grandchildren.

DECLINED

Comer, Gary Campbell. Chicago. 62. His 52% of Lands' End, the retailer, is down, and so is his net worth: estimated at $360 million in 1989, $217 million in 1990.

Cotsen, Lloyd Edward. Bel Air, Calif. 61. CEO of Neutrogena Corp. saw his soap stock drop: $345 million in 1989, more recently $217 million.

Cox, William Coburn Jr. London. 59. and **Jane Cox MacElree.** Newton Square, Pa. 61. These siblings saw their Dow Jones stock, in shared trusts, slip from $640 million in 1989 to a recent $365 million, or $183 million each.

Crow, Fred Trammell. Dallas. 76. Estimated $300 million 1989 fortune. With fall in real estate values and new information on what certain assets really could rent for, this seemingly unbeatable fan of leverage may finally be beaten.

Dittmer, Thomas Henry. Lake Forest, Ill. 48. Fortune derived primarily from commodities trading, estimated at $300 million in 1989, but results have been down, and multiples are weak. He may be worth $230 million.

Fickling, William Arthur Jr. Macon, Ga. 58. Estimated $355 million Charter Medical fortune, now thought worth far less: his $1.65 billion LBO in 1988 has problems, including a federal inquiry for possible fraud.

Frankino, Samuel Joseph. Palm Beach, Fla. 66. His Agency Rent-A-Car stock, worth $300 million in 1989, recently fell to $210 million.

Griffin, Mervyn Edward. Beverly Hills. 65. His Resorts International holding is now in bankruptcy; his net worth, estimated at $300 million in 1989, is now thought more like $250 million.

Hunt, Johnnie Bryan. Goshen, Ark. 63. Stock value of J.B. Hunt Transport worth $280 million in 1989, $230 million this year.

Ingersoll, Ralph McAllister. Lakeville, Conn. 44. Newspaper empire, funded heavily with junk bonds and valued at $345 million last year, has collapsed, as has Ingersoll's visible net worth.

Knapp, Cleon T. (Bud). NYC. 53. Publishing fortune has suffered because of loss of advertising revenues. Fortune of $300 million in 1989 now seems more like $200 million.

Knight, James Landon. Bal Harbour, Fla. 81. Knight-Ridder newspaper fortune, estimated at $310 million in 1989, is [illegible] close to this year's minimum, $260 million.

Lerner, Alfred. Shaker Heights, Ohio. 57. Fortune derived from banking and real estate, estimated at $370 million in 1989, has seen sharp declines on both fronts.

Marriott, Alice Sheets. Washington, D.C. 83; **John W. Jr.** Chevy Chase, Md. 58; **Richard E.** Potomac, Md. 51. Family stock in the famous hotel enterprise, worth $466 million to each in 1989, collapsed. Recently, more like $235 each. *(See Marriott family.)*

Marx, Leonard Maximilian. Scarsdale, N.Y. 86. Estimated $310 million real estate fortune believed hit by declining market values.

McCaw, John Elroy. 39; **Bruce R.,** 44; **Keith W.,** 37. Seattle. Their McCaw Communications shares, around $490 million last year, collapsed to a recent $220 million or so. Now that the bidding war for cellular phone properties has ended, down go the prices.

Mendik, Bernard H. NYC. 61. NYC real estate fortune, formerly estimated at $370 million, could be as low as $240 million in today's price environment.

Naify, Marshall. 70; **Robert Allen,** 68. San Francisco. A falling market for their holdings in Tele-Communications Inc. and Todd-AO lowered them from $410 million in 1989 to $235 million each.

Nichols, Miller. Prairie Village, Kans. 79. Estimated $300 million fortune built on Kansas City real estate proved less than estimated after bulk of holdings were sold to an ESOP.

Pasquerilla, Frank James. Johnstown, Pa. 64. This real estate and department store fortune (1989 estimate, $350 million) is being bet on an aggressive expansion program. If he's right, he'll be back.

Pontikes, Kenneth Nicholas. Barrington, Ill. 50. His Comdisco (computer services) stock, $280 million last year, fell to $156 million this year.

Silverstein, Larry Abraham. NYC. 59. Prime NYC office space left vacant because of tenant bankruptcy and other Northeast real estate woes brought this estimated $420 million fortune in 1989 below the minimum.

Simon, Norton Winfred. LA area. 83. Well-respected art collection, formerly estimated at $750 million or more, still as valuable but now much if not most believed held in foundations.

Tow, Leonard. New Canaan, Conn. 62. Century Communications may be big in cable TV, but it's smaller in the stock market: last year his shares were $315 million; now $212 million.

Tramiel, Jack. Zephyr Cove, Nev. and Saratoga, Calif. 62. Atari got zapped, and so did founder Tramiel: what was $370 million in 1989 is a mere $150 million this year. And the Nintendo guy in Japan is a billionaire.

Trump, Donald John. NYC. 44. Decline in Atlantic City gaming revenues, unmasking of misstated asset values, declining real estate values and massive debt may have put The Donald within hailing distance of zero.

Van Kampen, Robert Donald. West Chicago. 51. Estimated $290 million real estate and bond fortune in 1989, before his VMS Realty went bust. Now fortune more like $200 million.

Wasserman, Robert Lewis. Palm Springs and Beverly Hills. 77. Declining MCA stock price brought this estimated $320 million fortune in 1989 down to an estimated $220 million.

Williams, Arthur L. Jr. Duluth, Ga. 48. Estimated $290 million insurance sales fortune not worth that in the face of massive legal problems.

REALIGNED

Goldman, Alfred Dreyfus. Oklahoma City. 52. We thought this inherited real estate fortune, estimated at $400 million in 1989, was all his. Brother Monte thinks he shares it. So do his lawyers. They may be right.

REMOVED

Hilton, William Barron. LA. 62. The stock previously attributed to him and added into his 1989 fortune of $1.25 billion, actually belonged to a foundation. What stock, assets he does own seem well short of our $260 million minimum. ■

NEAR
MISSES

The minimum net worth necessary to join The Forbes Four Hundred dipped this year, almost down to these folks' level. But not quite.

Awaiting the call

Charles E. Smith

Robert H. Smith

Arlene Smith Kogod

Real estate. Washington, D.C., Palm Beach, Fla. Charles: 89. Divorced, 2 children. Russian immigrant, began building in Brooklyn; lost bundle during Depression. Moved to D.C. Lost shirt again, considered taking job in bar & grill, but wife talked him out of it. Persevered, built rental apartments. Son Robert joined 1950. Together assembled land, including railroad yard in Arlington now vast Crystal City development. Family investments include about 17 million square feet commercial space, 22,000 residential units D.C. area. Charles retired, overseeing philanthropies (Jewish charities, George Washington U., etc.). Robert: 62. Married, 3 children; runs company. Arlene: 56. Married, 3 children; husband Robert Kogod heads property management. One of D.C.'s biggest real estate empires, may be worth over $780 million.

Harvey Roberts (Bum) Bright

Oil, real estate. Dallas. 70. Widowed, remarried; 4 children. Started as wildcatter after Texas A&M, WWII. Built fortune in oil, real estate, banking; collapse of Texas economy forced personal loss of $200 million in failed effort to save Bright Banc, RepublicBank. Says he's on the comeback trail, intent on restoring lost $200 million. After selling off Dallas (football) Cowboys, various oil & gas interests, has accumulated $100 million cash plus real estate and oil. Bought Dallas-based State Bank and Trust Co. (city's smallest); may create boutique bank. "Cash is gonna be king." Or maybe just preparing estate. Still worth at least $255 million.

James Cuthbert Self

Textile mills, real estate. Greenwood, S.C. 71. Widowed, remarried; 2 sons, 2 daughters from first marriage. Born, raised, educated in Greenwood. Father started mill business 1907. Also real estate; developed cheap housing for employees. Son James worked summers in mill. Coast Artillery 1941-46; B.S. in Business Administration from The Citadel; returned to Greenwood Mills as assistant VP; took over on father's death 1955. Continued interest in land; started developing Palmetto Dunes on Hilton Head Island over a decade ago—now 2,000-acre development with 3 golf courses, tennis, hotels, condos, etc. estimated net worth some $250 million.

Bill Harris Hayden

CompuAdd. Austin. 43. Married, 2 children. Grew up in San Antonio, son of a mechanic. "Into making money," newspaper route, age 12, then grocery stores. With engineering degree from U. of Texas, went to work for Texas Instruments in product design, then calculator group; fell in love with seeing his product in the marketplace. Dabbled in Texas real estate (buying and selling single-family homes); saved $100,000; started CompuAdd, PC manufacturer and marketer, 1982. First sold disk drives from back of his Chevette to supplement fledgling mail order business. Doesn't need to anymore: net worth recently $250 million.

Raymond Donald Nasher

Real estate, art. Dallas. 68. Widowed, 3 daughters. M.A. economics Boston U.; to Texas to start development company 1951; built houses. Then tried a supermall: Struck it big with Dallas' NorthPark Mall 1965, the "Taj Mahal of great stores and shops," a big moneymaker. Wife Patsy (d. 1988) started art collection; got Ray interested early; bought sculpture—it was cheaper than paintings. With pieces by Henry Moore, Matisse, Rodin and Picasso, among others, collection currently estimated over $100 million. Gave Raisa Gorbachev personal tour of sculptures. Also owns NorthPark Bank of Dallas; former part owner Texas (baseball) Rangers; philanthropic. Net worth estimated at least $250 million.

Hugh Rodney Sharp Jr. and Bayard Sharp families

Brothers. Inheritance. Sons of Isabella du Pont Sharp, sister of Pierre *(see various du Ponts, family).* Hugh: Wilmington, Del. and Gasparilla Island, Fla. 80. Widowed, 3 children. Was active in family foundations, Du Pont company 1933-82. Son Hugh III, manager in company finance department, on board, apparent coleader (with cousins Irénée du Pont Jr. and Edward Bradford du Pont), sixth du Pont generation. Bayard: Centreville, Del. and Gasparilla Island, Fla. 77. Married, no children. Director Christiana Securities prior to its dissolution 1976. Successfully breeds, races Thoroughbreds. Brothers donated $11 million parcel (beach and wilderness) for Florida state park. Brothers share family fortune believed worth at least $500 million.

Anne Hendricks Bass

Divorce. NYC. 49. Split with Sid Bass *(which see)* 1989, after 21-year marriage; 2 daughters. Indianapolis-born surgeon's daughter; Vassar. Self-proclaimed perfectionist, "Sharing beauty with family and friends is, in part, a responsibility." Former Fort Worth socialite, now in constant orbit around Manhattan: International Council of Museum of Modern Art; Board and Exec. Committee NYC Ballet. Personal best staging fundraising galas: $650,000. Settlement with Sid included 1.38 million shares Disney stock, $5 million Fifth Ave. apt. with own ballet studio; Degas, Rothko, Monet art; George II, George III furniture. Net worth estimated $250 million, allows for lots of sharing.

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Steven Kaye, partner/VP, Whittier Partners, Boston
Leroy Keller, Leroy Keller Associates, Bronxville, N.Y.
Parry Klassen, editor, Farm Chemicals Magazine, Willoughby, Ohio
John Lienhard, associate VP, Coldwell Banker Commercial Real Estate, Washington, D.C.
Craig Linton Sr., president, Florida Ranch Lands, Inc., Orlando, Fla.
Perrin H. Long Jr., analyst, Lipper Analytical Securities Corp., NYC
Steven J. Matt, manager, Appraisal and Valuation Group, Arthur Andersen & Co., Dallas
Daniel McNamee, McNamee Consulting Co., Inc., NYC
Marc Razzano, retail specialist, Coldwell Banker Commercial Real Estate, Tampa, Fla.
Perry Reader, VP, the Viera Co., Rockledge, Fla.
Barry M. Rubens, CEO, California Research Corp., Santa Monica, Calif.
Stephen Rushmore, president, Hospitality Valuation Services, Inc., Mineola, N.Y.
Judy Schoer, manager, Coldwell Banker Residential Real Estate, Sacramento, Calif.
M.R. Schweitzer, art consultant and appraiser, NYC
W.K. Shumpes, W.K. Shumpes Co., Boerne, Tex.
Andrew J. Singer, president, Ackman Bros. & Singer, Inc., NYC
Michael Sklarz, director of research, Locations, Inc., Honolulu
Richard A. Stellmacher, Stellmacher & Sadoyama Ltd., Honolulu
Robert Weinberg, professor of marketing & management, John M. Olin School of Business, Washington University, St. Louis

RULES OF THE CHASE

Chas B Slackman

OUR ESTIMATES of people's net worth are deliberately conservative. It is possible to say with some confidence that a person is worth more than a given amount; it is often extremely difficult or impossible to establish exactly how much more. Our basic operating principle is to think in terms of how much a prudent buyer, knowing what we know, might be willing to pay for a person's net worth.

To arrive at coherent estimates of wealth, FORBES adopts a number of basic rules:

- Blocks of publicly traded stock are priced at the market close on Sept. 5.
- Privately held companies are valued according to estimated earnings or, preferably, cash flow, and to prevailing ratios for similar companies in similar businesses.
- When earnings and cash flow aren't known or are suspect, we adopt rule-of-thumb conventions. In the current market, many newspapers, for instance, can be valued at up to two times revenues, less debt. Few seem worth more. Television and radio stations, cable systems and some newspapers are valued for us by authoritative media brokers who track them professionally.
- We do not deduct potential capital gains taxes.
- Among oil and gas producers we rarely go beyond putting fair valuation on their reserves, to be conservative. Some oil and real estate magnates have substantial assets that are not held in their own names, so in one or two cases we were forced to rely on consensus estimates of knowledgeable peers.
- The fortunes of the very rich are, of course, difficult to calculate. Often it isn't even clear exactly who owns a great fortune. It is frequently parked, at least partly, in the names of the immediate family or concealed in private investment companies. Or, more difficult to find, it is held in trusts, where separate elements of ownership (control of principal, receipt of income, power to name beneficiaries, etc.) are deliberately spread among different people to defend against transfer and income tax laws.
- In the matter of trusts and other intrafamily arrangements, we proceed on a case-by-case basis, applying common sense. Most plainly exist to carry out a normal pattern of inheritance (to husbands, wives or offspring) and to minimize taxes. We look at who controls the wealth. Trusts are generally attributed to the person who created the wealth, if still alive and in control; or to the principal controlling family member or members (and not the family lawyers of record).

On the other hand, spendthrift trusts, meant to keep control out of the hands of beneficiaries, are not credited to the beneficiaries; only estimated trust income.

For example, consider the Getty family. For years Gordon Getty, as sole trustee of the major family trust, made all investment decisions—such as selling Getty Oil to Texaco—without any other family members. He also controlled distribution of trust income for himself, one brother, and nieces and nephews.

The principal was never his to bet at the track or spend on wine, women and song. But otherwise his power was nearly absolute, and he already had more spending money than he could use outside the trust. In a practical sense he differed little from the outright heir who chooses not to spend capital but rather to manage for himself and his family. We attributed the fortune to him, then.

But the family went to court. He no longer acted as trustee. He remained on our list, but at a lower level reflecting his own estimated assets, while control of the trust remained in court-ordered limbo. Now the Getty trust is broken up, and other family members have acquired similar powers over their portions and are included.

Lawyers sometimes say a trust is "owned" by those who will ultimately receive the principal. Usually, that means the next generation of the family in question. But, in fact, the next generation often has no power to spend or invest principal or to disburse income to themselves.

It is difficult to take such "ownership" seriously, or to count so powerless an "owner" as one of the richest people in America. It is true that a controlling person's powers may be weakened by the limitations of a trust. But every other party's claim to present ownership is far weaker still.

Irrevocable charitable trusts and foundations are not counted as personal wealth at all.

Wealth in the names of spouses and other immediate family members is sometimes assigned to the principal family member, especially where ties are close. Where a family member's shares are sufficient to entitle him or her to a place among the richest people in America, however, we generally list him or her separately. And we do the same when immediate family members have split because of divorce or other internal family differences.

Index to The Forbes Four Hundred

Name	Page	Residence	Age	Worth ($mil)	Primary sources
A					
Albertson, Joseph Albert	184	Boise, Idaho	84	725	Albertson's, Inc.
Alexander, Norman E.	248	Scarsdale, N.Y.	76	340	Sequa Corp.
Allbritton, Joe Lewis	216	Washington, D.C.	65	500	Media
Allen, Charles Jr.	229	NYC	87	420	Stock market
Allen, Herbert Anthony	229	NYC	49	420	Stock market
Allen, Herbert	229	NYC	82	420	Stock market
Allen, Paul Gardner	156	Mercer Island, Wash.	37	1,200	Microsoft
Andersen family	282	Bayport, Minn.		450	Windows
Anderson, John Edward	232	Bel Air, Calif.	73	400	Beverage distribution
Andreas, Dwayne Orville☆	272	Bal Harbour, Fla.	72	290	Archer Daniels Midland
Annenberg family	282	NYC		825	Publishing
Annenberg, Walter Hubert	136	Wynnewood, Pa.	82	1,650	Publishing
Anschutz, Philip Frederick	136	Denver	50	1,700	Oil
Anthony, Barbara Cox	123	Honolulu	67	2,600	Inheritance (Cox Enterprises)
Argyros, George Leon	270	Newport Beach, Calif.	53	290	Real estate
Arison, Ted	128	Miami Beach	66	2,100	Cruise ships
Arrillaga, John	250	Palo Alto, Calif.	52	335	Real estate
Ashton, Alan ★	219	Orem, Utah	45	475	WordPerfect
Autry, Orvon Gene	268	Los Angeles	83	300	Broadcasting
Avery, Alice O'Neill	266	Los Angeles	73	300	Inheritance (real estate)
B					
Bacardi family	282	Puerto Rico et al		800	Liquor
Ballmer, Steven Anthony ★	224	Bellevue, Wash.	34	445	Microsoft
Bancroft family	282	NYC		365	Inheritance (Dow Jones)
Baoudjakdji, Millicent V.	172	Los Angeles	50	430	Inheritance
Bass, Anne Hendricks †	316	NYC	49	250	Divorce
Bass, Edward Perry	167	Fort Worth, Tex.	45	975	Oil
Bass, Lee Marshall	144	Fort Worth, Tex.	34	1,400	Oil
Bass, Robert Muse	140	Fort Worth, Tex.	42	1,550	Oil
Bass, Sid Richardson	144	Fort Worth, Tex.	47	1,400	Oil
Bastian, Bruce ★	219	Orem, Utah	39	475	WordPerfect
Batten, Frank	210	Virginia Beach	63	520	Publishing, broadcasting
Bean family (Gorman)	282	Freeport, Me.		500	L.L. Bean
Bechtel, Stephen Davison Jr.	144	San Francisco	65	1,400	Engineering, construction
Behring, Kenneth Eugene	264	Blackhawk, Calif.	62	300	Developer
Belfer, Arthur Bejer	229	NYC	83	430	Oil, real estate
Belk family	282	Charlotte, N.C.		500	Retailing
Bennett, William Gordon	219	Las Vegas	65	460	Circus Circus Enterprises
Berkley, William Robert	256	Greenwich, Conn.	44	325	Food processing
Berry, Jack Monteith Sr.	232	Winter Haven, Fla.	73	400	Citrus grower
Berry, John William Sr.	222	Dayton, Ohio	68	450	Yellow Pages
Binger, Virginia McKnight ☆	274	Wayzata, Minn.	74	275	Inheritance (3M)
Bingham family	282	Louisville		350	Newspaper
Blaustein, Morton K.	184	Baltimore	63	700	Inheritance (oil)
Block family	282	New Jersey		450	Pharmaceuticals
Bluhm, Neil Gary	180	Winnetka, Ill.	52	775	Real estate
Borg, Malcolm Austin	233	Englewood, N.J.	52	400	Publishing
Bredin, Octavia Mary du Pont	240	Greenville, Del.	77	350	Inheritance (Du Pont Co.)
Bren, Donald Leroy	138	Newport Beach, Calif.	58	1,600	Real estate
Brennan, Bernard F. ★	222	Winnetka, Ill.	52	450	Montgomery Ward
Bright, Harvey Roberts †	314	Dallas	70	255	Oil, real estate
Brittingham family	284	Dallas		470	Dal-Tile
Broad, Eli	240	Los Angeles	57	360	Kaufman & Broad
Bronfman, Edgar Miles	130	NYC	61	1,900	Seagram Co.
Brown family	284	Louisville		900	Whiskey
Brown, Harold	214	Boston	65	500	Real estate
Brown, Jack	233	Midland, Tex.	65	400	Oil
Buffett, Warren Edward	122	Omaha	60	3,343	Stock market

★New entry. ☆Returnee. •Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Bullitt family	284	Seattle		600	Broadcasting
Busch, August Anheuser Jr. ●	312	St. Louis	Deceased		Anheuser-Busch
Busch family	284	St. Louis		1,900	Inheritance (Anheuser-Busch)
Butt, Charles C.	246	San Antonio, Tex.	52	350	Grocery stores

C

Name	Page	Residence	Age	Worth ($mil)	Primary sources
Cafaro, William Michael	186	Hubbard, Ohio	77	700	Shopping malls
Campbell family	284	Hawaii et al		700	Real estate
Cargill, James R.	156	Minneapolis	66	1,100	Inheritance (Cargill, Inc.)
Cargill, Margaret	156	La Jolla, Calif.	70	1,100	Inheritance (Cargill, Inc.)
Carlson, Curtis Leroy	158	Long Lake, Minn.	76	1,100	Entrepreneur
Caruth, William Walter Jr. ●	312	Dallas	Deceased		Real estate
Caruth family	288	Dallas		500	Inheritance (real estate)
Carver, Lucille	272	Muscatine, Iowa	73	285	Inheritance (Bandag, Inc.)
Chambers, Anne Cox	123	Atlanta	70	2,600	Inheritance (Cox Enterprises)
Chandler family	288	Los Angeles et al		1,100	Times Mirror Co.
Chase, David Theodore	264	West Hartford, Conn.	61	300	Real estate, media
Clapp, Norton	240	Seattle	84	350	Inheritance (Weyerhaeuser)
Clark family	288	Cooperstown, N.Y.		375	Singer Manufacturing Co.
Clark, Alfred James	224	Easton, Md.	62	450	Construction
Cohen family	288	NYC area		400	Real estate
Cohen, Arthur G.	264	Kings Point, N.Y.	60	300	Real estate
Cohn, Seymour	233	Palm Beach County, Fla.	80	400	Real estate
Collier family	288	Naples, Fla.		1,000	Real estate
Comer, Gary Campbell ●	312	Chicago	62		Lands' End
Congel, Robert J.	268	Fayetteville, N.Y.	55	300	Shopping malls
Connell, Grover	229	Westfield, N.J.	73	430	Food, equipment leasing
Conover, Catherine Mellon ☆	272	Washington, D.C.	54	275	Inheritance
Cook, Jane Bancroft	238	Cohasset, Mass.	78	365	Inheritance (Dow Jones)
Cook, William Alfred	230	Bloomington, Ind.	59	400	Catheters
Cooke, Jack Kent	156	Middleburg, Va.	77	1,100	Real estate
Cooke, Phoebe Hearst	172	San Francisco	63	430	Inheritance
Coors family	288	Golden, Colo.		500	Beer
Copley, Helen Kinney	194	La Jolla, Calif.	67	630	Publishing
Cotsen, Lloyd Edward ●	312	Bel Air, Calif	61		Neutrogena Corp.
Coulter, Wallace Henry	184	Miami Springs, Fla.	78	710	Blood
Cowles (Gardner) family	288	Minneapolis et al		690	Newspapers
Cowles (William) family	290	Spokane, Wash.		440	Newspapers
Cox, Edwin Lochridge Sr.	266	Dallas	69	300	Oil
Cox, William Coburn ●	312	London	59		Inheritance (Dow Jones)
Crain, Gertrude Ramsay	274	Chicago	79	275	Publishing
Crow, Fred Trammell ●	312	Dallas	76		Real Estate
Crown, Lester	136	Wilmette, Ill.	65	1,650	Inheritance, industrialist
Cullen family	290	Houston		1,000	Oil
Culverhouse, Hugh Franklin	260	Tampa	71	305	Real estate, banking, sports
Currier, Lavinia M. ☆	272	The Plains, Va.	33	275	Inheritance
Currier, Michael S. ☆	272	NYC	29	275	Inheritance

D

Name	Page	Residence	Age	Worth ($mil)	Primary sources
Daniels, Bill ★	254	Denver	70	325	Cable
Darden, Constance Simons du Pont	240	Norfolk, Va.	86	350	Inheritance (Du Pont Co.)
Davenport, Elizabeth Lupton	236	Lookout Mountain, Tenn.	57	375	Coca-Cola bottler
Davidson, William Morse	184	Bloomfield Hills, Mich.	67	725	Guardian Industries Corp.
Davis family	290	Jacksonville, Fla. et al		825	Winn-Dixie Stores
Davis, James Elsworth ☆	240	Jacksonville, Fla.	83	350	Winn-Dixie Stores
Davis, Marvin Harold	138	Beverly Hills	65	1,650	Oil, entertainment, real estate
Davis, Shelby Cullom	200	Tarrytown, N.Y.	81	575	Investment banking
Dayton family	290	Minneapolis		975	Dayton Hudson
de Menil family	290	Houston		400	Inheritance
de Young family	290	San Francisco		800	Newspapers

★New entry. ☆Returnee. ●Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
DeBartolo, Edward John	144	Boardman, Ohio	81	1,400	Shopping centers
Dedman, Robert H.	186	Dallas	64	700	Country clubs
DeVos, Richard Marvin	150	Ada, Mich.	64	1,300	Amway
DiLorenzo family	292	NYC		500	Real estate
Disney, Lillian Bounds ★	258	Los Angeles	—	315	Inheritance (Walt Disney Co.)
Disney, Roy Edward	204	Los Angeles	60	575	Walt Disney Co.
Dittmer, Thomas Henry ●	312	Lake Forest, Ill.	48		Commodities
Dixon, Fitz Eugene Jr.	264	Lafayette Hill, Pa.	67	300	Inheritance
Dolan, Charles Francis	236	Oyster Bay, N.Y.	64	375	Cable television
Donnelley family	292	Chicago origin		900	R.R. Donnelley & Sons
Dorrance, Bennett	182	Paradise Valley, Ariz.	44	735	Inheritance (Campbell Soup)
Dorrance, John T. III	182	Devil's Tower, Wyo.	46	735	Inheritance (Campbell Soup)
Draper, Irene Carpenter ☆	276	Montchanin, Del.	79	260	Inheritance (Du Pont Co.)
Dreiseszun, Sherman W.	258	Kansas City, Mo.	66	315	Real estate, banks
du Pont (Pierre Samuel II) family	292	Wilmington, Del. et al		8,600	Inheritance (Du Pont Co.)
du Pont (William) family	292	Wilmington, Del. et al		850	Inheritance (Du Pont Co.)
Du Pont, Alexis Felix Jr.	240	Wilmington, Del.	84	350	Inheritance (Du Pont Co.)
Du Pont, Irénée Jr.	240	Montchanin, Del.	70	350	Inheritance (Du Pont Co.)
Du Pont, Willis Harrington	264	Palm Beach, Fla.	54	300	Inheritance (Du Pont Co.)
Duchossois, Richard Louis	246	Barrington Hills, Ill.	69	350	Manufacturing, horse racing
Duda family	292	Oviedo, Fla.		350	Agriculture
Duke, Doris	180	Somerville, N.J.	77	750	Inheritance
Durst, David M.	274	Mt. Kisco, N.Y.	65	275	Real estate
Durst, Royal H.	274	Westchester Cty., N.Y.	73	275	Real estate
Durst, Seymour B.	274	NYC	77	275	Real estate
Dyson, Charles Henry	200	NYC	81	575	Conglomerator
E					
Earhart, Anne Catherine Getty	250	Seattle	38	333	Inheritance (oil)
Edson, John Orin	214	Seattle	57	500	Leisure craft
Ellis, Alpheus Lee	233	Tarpon Springs, Fla.	84	400	Banking, real estate
Ellison, Lawrence J.	238	Atherton, Calif.	46	365	Oracle Systems
Engelhard, Jane B.	238	Far Hills, N.J.	72	360	Inheritance
Evans, James Emmett	232	Dade City, Fla.	90	400	Citrus grower
Evans, Thomas Mellon	260	NYC	80	315	Investments
F					
Feeney, Charles F.	132	London	59	1,900	Duty Free Shoppers
Fickling, William Arthur ●	312	Macon, Ga.	58		Charter Medical Corp.
Field, Frederick (Ted) Woodruff	198	Beverly Hills	38	600	Inheritance (media)
Field, Marshall V	198	Lake Forest, Ill.	49	540	Inheritance (media, real estate)
Fireman, Paul	246	Newton, Mass.	46	350	Reebok
Fisher, Donald George	276	San Francisco	62	265	The Gap
Fisher, Doris F. ★	276	San Francisco	59	265	The Gap
Fisher, Lawrence	232	NYC	80	400	Real estate
Fisher, Max Martin	254	Franklin, Mich.	82	330	Oil, investments
Fisher, Zachary	232	NYC	79	400	Real estate
Flatley, Thomas John	206	Milton, Mass.	59	550	Real estate
Flint, Lucile Evelina du Pont	240	Greenville, Del.	75	350	Inheritance (Du Pont Co.)
Forbes, Malcolm S. ●	312	Far Hills, N.J.	Deceased		Publishing, real estate, art
Ford, Josephine Clay	198	Gross Pointe Farms, Mich.	67	365	Inheritance (Ford Motor Co.)
Ford, William Clay	198	Gross Pointe Shores, Mich.	65	610	Inheritance (Ford Motor Co.)
Forman, Michael Robert	229	Bel Air, Calif.	55	425	Real estate, movie theaters
Franchetti, Anne ★	168	Sardinia, Italy	70	425	Textiles
Frankino, Samuel Joseph ●	313	Palm Beach, Fla.	66		Agency Rent-A-Car
Freeman, Mansfield	219	Greensboro, Vt.	95	340	Insurance
Fribourg, Michel	167	NYC	77	960	Grain trader

★New entry. ☆Returnee. ●Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
G					
Galbreath, Daniel Mauck	248	Columbus, Ohio	62	340	Real estate
Galesi, Francesco	224	NYC	59	435	Real estate, telecommunications
Gallo, Ernest	254	Modesto, Calif.	81	330	Wine
Gallo, Julio	254	Modesto, Calif.	80	330	Wine
Galvin, Robert William	208	Barrington Hills, Ill.	68	540	Motorola
Gates, Charles Cassius Jr.	219	Denver	69	490	Gates Corp.
Gates, William Henry III	128	Seattle	34	2,500	Microsoft Corp.
Gaylord, Edward Lewis	160	Oklahoma City	71	1,000	Media, real estate
Geffen, David	210	Malibu, Calif.	47	515	Recorded music
Getty, Caroline Marie	250	San Francisco	33	333	Inheritance (oil)
Getty, Eugene Paul (J. Paul Jr.)	240	London	58	350	Inheritance (oil)
Getty, Gordon Peter	150	San Francisco	56	1,300	Inheritance (oil)
Glazer, Guilford	232	Beverly Hills	69	400	Real estate
Goldman, Lillian	266	NYC	68	300	Inheritance
Goodson, Mark Les	232	NYC	75	400	Game shows
Gore family	292	Newark, Del.		500	Gore-Tex
Gottwald, Bruce Cobb	260	Richmond, Va.	57	305	Ethyl Corp.
Gottwald, Floyd Dewey Jr.	260	Richmond, Va.	68	305	Ethyl Corp.
Gould, Kingdon Jr.	268	Laurel, Md.	66	300	Real estate
Graham, Donald E. and family	236	Washington, D.C.	45	260	Washington Post Co.
Graham, Katharine	236	Washington, D.C.	73	370	Washington Post Co.
Green, Pincus	172	Zug, Switzerland	56	800	Commodities trader
Greenberg, Maurice Raymond	219	NYC	65	480	American International Group
Greenewalt, Margaretta du Pont	240	Greenville, Del.	88	350	Inheritance (Du Pont Co.)
Griffin, Ben Hill Jr. ●	312	Avon Park, Fla.	Deceased		Citrus
Gruss, Joseph S.	210	NYC	87	500	Oil, investments
Guccione, Robert Chas. Jos. Ed. S.☆	258	NYC	58	315	Publishing
Gund family	293	Cleveland origin		950	Inheritance
H					
Haas family	293	San Francisco		2,600	Levi Strauss & Co.
Haas, Fritz Otto	254	Ambler, Pa.	75	330	Rohm & Haas
Haas, John Charles	254	Villanova, Pa.	72	330	Rohm & Haas
Haft family	293	Washington, D.C.		450	Dart Group (retail, real estate)
Hall, Donald Joyce	180	Mission Hills, Kans.	62	755	Hallmark Cards
Hamilton, Dorrance Hill	210	Strafford, Pa.	62	500	Inheritance (Campbell Soup)
Hammons, John Quentin	248	Springfield, Mo.	66	340	Real estate
Harbert, John Murdoch III	194	Birmingham, Ala.	69	625	Construction, investments
Hardie, Mary Jane Hoiles	236	Marysville, Calif.	68	375	Publishing
Hardy, Joseph Alexander	268	Farmington, Pa.	67	300	Building supplies
Haseotes family	293	Massachusetts area		350	Convenience stores
Hayden, Bill Harris †	316	Austin, Tex.	43	250	CompuAdd
Hearst, David Whitmire Jr.	172	Los Angeles	45	430	Inheritance
Hearst, George Randolph Jr.	172	Los Angeles	63	430	Inheritance
Hearst, Randolph Apperson	172	NYC	74	860	Inheritance
Hearst, William Randolph Jr.	172	NYC	82	860	Inheritance
Heinz, Henry John III	214	Fox Chapel, Pa.	52	500	Inheritance (H.J. Heinz Co.)
Helmsley, Harry Brakmann	136	NYC	81	1,650	Real estate
Hess, Leon	190	NYC	76	650	Amerada Hess Corp.
Hewlett, William Redington	188	Portola Valley, Calif.	77	665	Hewlett-Packard
Hill, Margaret Hunt	158	Dallas	74	1,000	Inheritance (oil)
Hillenbrand family	294	Batesville, Ind.		875	Caskets
Hillman, Henry Lea	123	Pittsburgh	71	2,650	Industrialist, venture capital
Hillman, Howard Butcher	194	Greenwich, Conn.	56	620	Inheritance
Hillman, Tatnall Lea	194	Radnor, Pa.	52	620	Inheritance
Hilton, William Barron ●	313	Los Angeles	62		Hilton Hotels
Hixon family	294	Pasadena, Calif.		600	Connectors
Hobby, Oveta Culp	194	Houston	85	650	Media

★New entry. ☆Returnee. ●Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Hoiles, Harry Howard	236	Santa Ana, Calif.	74	375	Publishing
Hollingsworth, John D.	180	Greenville, S.C.	72	760	Textile machinery, real estate
Horvitz family	294	Cleveland origin		760	Inheritance (media)
Hostetter, Amos Barr Jr.	194	Boston	53	635	Cable television
Houghton family	294	Corning, N.Y.		525	Corning Glass Works
Howard, Robert Staples	214	Rancho Santa Fe, Calif.	66	500	Publishing
Hoyt family	294	NYC and Sante Fe		370	Carter-Wallace
Hubbard, Stanley Stub	234	St. Mary's Point, Minn.	57	380	Broadcasting
Huffington, Roy Michael	232	Houston	72	400	Oil
Hughes (Howard) family	294	California, Nevada		1,800	Inheritance (Hughes Aircraft)
Hunt, Caroline Rose	219	Dallas	67	500	Inheritance (oil, real estate)
Hunt, Johnnie Bryan ●	313	Goshen, Ark.	63		Trucking
Hunt, Ray Lee and family	140	Dallas	47	1,500	Inheritance (oil, real estate)
Hunting family	294	Grand Rapids, Mich.		700	Steelcase
Huntsman, Jon Mead	224	Salt Lake City	53	450	Plastics
I					
Icahn, Carl Celian	160	Bedford, N.Y.	54	1,000	Financier
Idema family	294	Grand Rapids, Mich.		700	Steelcase
Ingersoll, Ralph McAllister II ●	313	Lakeville, Conn.	44		Publishing
Ingram, Erskine Bronson ★	216	Nashville, Tenn.	58	500	Barges, book distribution
Ireland family	296	Birmingham, Ala.		400	Vulcan Materials
J					
Jacobs, Jeremy Maurice	206	East Aurora, N.Y.	50	550	Sports concessions
Jacobs, Richard E.	216	Lakewood, Ohio	65	500	Shopping centers
Jamail, Joseph Dahr Jr.	244	Houston	64	350	Trial lawyer
Jenkins family	296	Lakeland, Fla.		550	Publix Supermarkets
Jobs, Steven Paul	234	Woodside, Calif.	35	400	Computers
Johnson family	296	Scattered		775	Inheritance (Johnson & Johnson)
Johnson, Barbara Piasecka	184	Princeton, N.J.	53	715	Inheritance
Johnson, Edward Crosby III	167	Boston	60	950	Investment management
Johnson, Samuel Curtis	184	Racine, Wis.	62	720	S.C. Johnson & Sons
Jordan family	296	Boston origin		525	Inheritance
K					
Kalikow, Peter Stephen	216	NYC	47	500	Real estate
Kaskel, Howard	208	NYC	53	550	Real estate
Kauffman, Ewing Marion	172	Mission Hills, Kans.	74	835	Pharmaceuticals
Keck, Howard Brighton	248	Los Angeles	77	340	Superior Oil Co.
Keck, William Myron II	248	Los Angeles	48	280	Superior Oil Co.
Keinath, Pauline MacMillan	182	St. Louis, Mo.	56	730	Inheritance (Cargill, Inc.)
Kelley family	296	Honolulu		500	Hotels
Kelly, William Russell	230	Troy, Mich.	84	405	Kelly Services
Kennedy family	296	Boston origin		850	Inheritance
Kerkorian, Kirk	154	Beverly Hills, Calif.	73	1,250	Investments
King family	297	Short Hills, N.J.; NYC et al		400	King World Productions
Kleberg family	297	King Ranch, Tex.		1,250	Inheritance
Kluge, John Werner	122	Charlottesville, Va.	76	5,600	Metromedia
Knapp, Cleon T. (Bud) ●	313	NYC	53		Publishing
Knight, James Landon ●	313	Bal Harbour, Fla.	81		Knight-Ridder, Inc.
Knight, Philip Hampson	160	Hillsboro, Ore.	53	1,000	Nike, Inc.
Koch, Charles de Ganahl	130	Wichita, Kans.	54	1,900	Inheritance (oil services)
Koch, David Hamilton	130	NYC	50	1,900	Inheritance (oil services)
Koch, Frederick Robinson	194	NYC, Monaco	56	500	Inheritance (oil services)
Koch, William Ingraham	194	Palm Beach, Fla.	50	650	Inheritance (oil services)
Kogod, Arlene Smith †	314	Washington, D.C.	55	260	Real estate
Kohlberg, Jerome Spiegel Jr.	206	Mount Kisco, N.Y.	65	500	Leveraged buyouts
Kohler family	297	Kohler, Wis. origin		570	Plumbing fixtures

★New entry. ☆Returnee. ●Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Kravis, Henry R.	206	NYC	46	550	Leveraged buyouts
Krehbiel family	297	Lisle, Ill.		390	Molex Inc.
Kroc, Joan Beverly	167	Rancho Santa Fe, Calif.	62	920	Inheritance (McDonald's)
L					
Landegger, Carl Clement	250	NYC	60	335	Paper mills
Landegger, George Francis	250	Connecticut	52	335	Paper mills
Lauder, Estée	208	NYC	Ageless	540	Cosmetics
Lauder, Leonard Alan	208	NYC	57	540	Cosmetics
Lauder, Ronald Steven	208	NYC	46	540	Cosmetics
Lauren, Ralph	200	NYC	51	600	Apparel
Lawrence, M. Larry	234	San Diego	64	400	Real estate
Lawrence family	297	NYC		400	Inheritance (real estate)
Lebensfeld, Harry	268	NYC	86	300	UIS, Inc.
LeFrak, Samuel Jayson	138	NYC	72	1,600	Real estate
Lennon, Fred A. ★	198	Chagrin Falls, Ohio	84	600	Valves, pipe fittings
Lerner, Alfred ●	313	Shaker Heights, Ohio	57		Banking, real estate
Lerner, Theodore Nathan	234	Chevy Chase, Md.	64	380	Real estate
Lesher, Dean Stanley ★	246	Orinda, Calif.	88	350	Publishing
Lilly family	297	Indianapolis et al		2,000	Pharmaceuticals
Lindemann, George L.	230	Greenwich, Conn.	54	420	Cable television, cellular
Lindner, Carl Henry II	176	Cincinnati, Ohio	71	800	Insurance, banking
Louis, John Jeffry Jr.	222	Winnetka, Ill.	65	450	Inheritance (Johnson Wax)
Ludwig, Daniel Keith	147	NYC	93	1,400	Shipping, real estate
Lund, Sharon Disney ★	258	Los Angeles area	53	275	Inheritance (Walt Disney Co.)
Lunger, Mary Jane du Pont ☆	276	Wilmington, Del.	76	260	Inheritance (Du Pont Co.)
Lupton, John Thomas	236	Lookout Mountain, Tenn.	64	375	Coca-Cola bottler
Lurie, Robert Alfred	214	San Francisco	61	500	Inheritance (real estate)
Lurie, Robert Harris ●	312	Chicago	Deceased		Real estate, investments
Lykes family	298	Florida et al		650	Shipping
Lyon, William	244	Coto de Caza, Calif.	68	350	Real estate
M					
MacElree, Jane Cox ●	312	Newtown Square, Pa.	61		Inheritance (Dow Jones)
Mack family	298	NYC area		500	Real estate
MacMillan, Cargill	182	Palm Springs, Calif.	63	730	Inheritance (Cargill, Inc.)
MacMillan, John Hugh III	182	Hillsboro Beach, Fla.	62	730	Inheritance (Cargill, Inc.)
MacMillan, W. Duncan	182	Wayzata, Minn.	60	730	Inheritance (Cargill, Inc.)
MacMillan, Whitney	182	Minneapolis	61	730	Inheritance (Cargill, Inc.)
Magness, Bob John	224	Englewood, Colo.	66	435	Cable TV
Malkin, Judd David	180	Winnetka, Ill.	52	775	Real estate
Malone, Mary Alice Dorrance	182	Coatesville, Pa.	40	735	Inheritance (Campbell Soup)
Mandel, Jack N.	270	Shaker Heights, Ohio	78	290	Premier Industrial Corp.
Mandel, Joseph C.	270	Lyndhurst, Ohio	76	280	Premier Industrial Corp.
Mandel, Morton L.	270	Shaker Heights, Ohio	69	290	Premier Industrial Corp.
Manoogian, Richard Alexander	248	Grosse Pointe Farms, Mich.	54	340	Masco Corp.
Marion, Anne Burnett	254	Fort Worth, Tex.	51	330	Inheritance
Maritz, William Edward ★	216	St. Louis	61	500	Maritz Inc.
Markkula, Armas Clifford Jr.	276	Woodside, Calif.	48	265	Apple Computer
Marriott family	298	Washington, D.C.		700	Inheritance (Hotels)
Mars, Forrest Edward Jr.	132	McLean, Va.	59	1,700	Candy
Mars, Forrest Edward Sr.	132	Las Vegas	80s	1,700	Candy
Mars, John Franklyn	132	Arlington, Va.	55	1,700	Candy
Marshall, Barbara Hall	180	Kansas City, Mo.	67	375	Inheritance (Hallmark Cards)
Marshall, James Howard II	184	Houston	85	725	Oil
Marx, Leonard Maximilian ●	313	Scarsdale, N.Y.	86		Real estate
May, Cordelia Scaife	208	Ligonier, Pa.	62	525	Inheritance
May, Irene Sophie du Pont	240	Wilmington, Del.	89	350	Inheritance (Du Pont Co.)
May, Peter ★	206	NYC	48	280	Leveraged buyouts

★New entry. ☆Returnee. ●Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
McCaw, Bruce ●	313	Seattle	44		McCaw Cellular
McCaw, Craig O.	260	Seattle	41	305	McCaw Cellular
McCaw, John Elroy ●	313	Seattle	39		McCaw Cellular
McCaw, Keith W. ●	313	Seattle	37		McCaw Cellular
McClatchy family	298	Sacramento, Calif. et al		400	Newspapers
McCulloch, A. Donald Jr. ★	219	Bryn Mawr, Pa.	43	470	Diet centers
McEvoy, Nan Tucker	274	San Francisco	71	270	Inheritance (Chronicle Publ.)
McGlothlin, James ★	248	Bristol, Tenn.	50	340	Coal
McGovern, Patrick Joseph	222	Nashua, N.H.	53	450	Publishing
McGraw family	298	NYC et al		500	McGraw-Hill
McLane, Robert Drayton Jr.	246	Temple, Tex.	54	350	McLane Co.
Mead family	298	Wisconsin Rapids, Wis.		625	Consolidated Papers
Mellon family	298	Upperville, Va., Pittsburgh		4,400	Inheritance
Mellon, Paul	180	Upperville, Va.	83	780	Inheritance
Mellon, Richard Prosser ☆	276	Ligonier, Pa.	51	265	Inheritance
Mellon, Seward Prosser ☆	276	Ligonier, Pa.	48	265	Inheritance
Mellon, Timothy ☆	272	Manchester, N.H.	48	275	Inheritance
Mendik, Bernard H. ●	313	NYC	61		Real estate
Meyer, August Christopher	256	Champaign, Ill.	89	325	Broadcasting
Milbury, Cassandra Mellon ☆	276	Ligonier, Pa.	50	265	Inheritance
Milken, Michael Robert	186	Encino, Calif.	44	700	Financier
Miller, Diane Disney ★	258	Napa Valley, Calif.	57	315	Inheritance (Walt Disney Co.)
Milliken, Gerrish Hill	168	Greenwich, Conn.	73	440	Textiles
Milliken, Minot King	168	NYC	74	810	Textiles
Milliken, Roger	168	Spartanburg, S.C.	74	900	Textiles
Mills, Alice Francis du Pont	240	Middleburg, Va.	77	350	Inheritance (Du Pont Co.)
Milstein, Paul	258	NYC	68	325	Real estate
Milstein, Seymour	258	NYC	70	325	Real estate
Mitchell, George Phydias	186	Houston	71	700	Oil
Monaghan, Thomas Stephen	206	Ann Arbor, Mich.	53	550	Pizza
Moncrief, William Alvin Jr.	264	Fort Worth, Tex.	70	300	Oil
Moody, Robert Lee	224	Galveston, Tex.	55	445	American National Insurance
Moore, Gordon Earle	230	Santa Clara County, Calif.	61	405	Intel Corp.
Moore, Jerry J.	190	Houston	62	650	Shopping centers
Moores, John Jay ★	276	Sugar Land, Tex.	46	270	Software
Moran, James Martin	180	Hillsboro Beach, Fla.	72	760	Toyota
Morgan, Frank Sherman	258	Kansas City, Mo.	63	315	Real estate, banking
Morris, William Shivers III	234	Augusta, Ga.	56	380	Newspapers
Mugar, David Graves	268	Boston	51	300	Inheritance (broadcasting)
Murdoch, Keith Rupert	156	NYC	59	1,100	Publishing
Murdock, David Howard	147	Bel Air, Calif.	67	1,350	Investments
Murphy family	302	El Dorado, Ark.		625	Oil
N					
Naify, Marshall ●	313	San Francisco	70		Movie theaters, cable TV
Naify, Robert Allen ●	313	San Francisco	68		Movie theaters, cable TV
Nasher, Raymond Donald †	316	Dallas	68	250	Real estate, art
Newhouse, Donald Edward	123	NYC	61	2,600	Publishing
Newhouse, Samuel Irving Jr.	123	NYC	62	2,600	Publishing
Nichols, Miller ●	313	Prairie Village, Kans.	79		Real estate
Nordstrom family	302	Seattle		1,200	Retailing
Norris family	302	Marshalltown, Iowa		600	Lennox International
O					
O'Connor family	302	Victoria, Tex.		560	Inheritance
O'Neill, Richard Jerome	266	San Juan Capistrano, Calf.	67	300	Inheritance (real estate)
P					
Packard, David	147	Los Altos Hills, Calif.	78	1,400	Hewlett-Packard
Paley, William S.	219	NYC	89	460	CBS, Inc.

★New entry. ☆Returnee. ●Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Park, Roy Hampton	210	Ithaca, N.Y.	80	510	Park Communications
Parker, Jack	244	NYC	75	350	Real estate
Pasquerilla, Frank ●	313	Johnstown, Pa.	64		Real estate, department stores
Patterson, Andrea Currier ☆	272	The Plains, Va.	34	275	Inheritance
Paulson, Allen Eugene	246	Savannah, Ga.	68	350	Gulfstream Aerospace Corp.
Paulucci, Luigino Francesco	224	Sanford, Fla.	72	450	Food processing
Pearson, Edith du Pont	264	Montchanin, Del.	78	300	Inheritance (Du Pont Co.)
Peery, Richard Taylor	250	Palo Alto, Calif.	50	335	Real estate
Peltz, Nelson	206	Palm Beach, Fla.	48	560	Leveraged buyouts
Pennington, Claude Bernard	229	Baton Rouge, La.	90	430	Oil
Pennington, William Norman	219	Reno, Nev.	67	375	Circus Circus Enterprises
Penske, Roger ★	264	Red Bank, N.J.	53	300	Cars, engines
Perdue, Franklin Parsons	222	Salisbury, Md.	70	450	Chickens
Perelman, Ronald Owen	122	NYC	47	2,870	Leveraged buyouts
Perenchio, Andrew Jerroid	188	Bel Air, Calif.	59	665	Television
Perot, Henry Ross	128	Dallas	60	2,200	Electronic Data Systems
Perry, Claire Eugenia Getty	250	New Haven, Conn.	36	333	Inheritance (oil)
Petersen, Robert Einar	248	Beverly Hills	64	350	Publishing
Petrie, Milton Jack	168	NYC	88	890	Petrie Stores
Pew family	302	Philadelphia origin		680	Inheritance
Phipps family	302	N.Y. et al		1,900	Inheritance (steel)
Pictet, Marion MacMillan	182	Geneva, Switzerland	57	730	Inheritance (Cargill, Inc.)
Pigott family	303	Seattle		550	Inheritance (Paccar)
Pilaro, Anthony Martin	234	NYC	54	390	Duty Free Shoppers
Pitcairn family	303	Bryn Athyn, Pa. et al		800	Inheritance
Pohlad, Carl Ray	186	Minneapolis	75	680	Banks, investments
Pontikes, Kenneth ●	313	Barrington, Ill.	50		Comdisco, Inc.
Posner, Victor	270	Miami Beach	72	290	Financier
Pritzker, Jay Arthur	124	Chicago	68	2,500	Financier
Pritzker, Robert Alan	124	Chicago	64	2,500	Financier
Pulitzer family	303	St. Louis et al		570	Inheritance (publishing)
R					
Rainwater, Richard Edward	246	Fort Worth, Tex.	46	350	Investments
Rangos, John G. Sr.	210	Pittsburgh	61	505	Solid waste
Redstone, Sumner Murray	130	Newton Centre, Mass.	67	2,000	Movie theaters, investments
Reed family	303	Seattle et al		1,400	Inheritance (timber)
Reid, Elizabeth Ann	180	Denton, Tex.	68	375	Inheritance (Hallmark Cards)
Reinhart, Dwayne B. ★	244	La Crosse, Wis.	70	350	Food wholesaler
Resnick, Burton Paul	246	NYC	53	350	Real estate
Reynolds, Donald Worthington	167	Las Vegas	84	915	Publishing
Rhoads, D. Dean ★	264	North Palm Beach, Fla.	63	300	Industrialist
Rich, Marc	172	Zug, Switzerland	56	800	Commodities trader
Rich, Robert Edward Sr.	244	Point Abino, Ontario	77	350	Rich Products Corp.
Richardson family	303	Greensboro, N.C. et al		720	Inheritance (Richardson-Vicks)
Riklis, Meshulam	194	Beverly Hills	66	620	Finance
Rinker, Marshall Edison (Doc) ☆	268	Palm Beach, Fla.	85	300	Cement
Roberts, George R.	206	San Francisco, Calif.	47	550	Leveraged buyouts
Robinson, Jesse Mack	270	Atlanta	67	295	Banking
Rockefeller (John D.) family	303	Scattered		5,200	Inheritance (oil)
Rockefeller (William) family	304	Scattered		350	Inheritance (oil)
Rockefeller, David and family	154	NYC	75	1,200	Inheritance
Rockefeller, Laurance Spelman	167	NYC	80	975	Inheritance
Rockefeller, Winthrop Paul	167	Winrock Farm, Ark.	42	950	Inheritance
Rollins, O. Wayne	176	Atlanta	78	800	Rollins, Inc.
Root, Chapman Shaw ●	312	Ormond Beach, Fla.	Deceased		Coca-Cola bottler, broadcasting
Rose family	304	NYC		450	Real estate
Rosenberg, Ruth Blaustein	184	Baltimore, Md.	91	350	Inheritance (oil)
Rosenwald family	304	NYC et al		500	Inheritance (Sears, Roebuck)
Rudin, Jack	180	NYC	66	750	Real estate

★New entry. ☆Returnee. ●Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Rudin, Lewis	180	NYC	63	750	Real estate
Rust, Eleanor Francis du Pont	240	Thomasville, Ga.	83	350	Inheritance (Du Pont Co.)
Ryan, Patrick George	244	Chicago	53	350	Insurance

S

Name	Page	Residence	Age	Worth ($mil)	Primary sources
Sammons family	304	Dallas		550	Cable TV
Sarofim, Fayez Shalaby	272	Houston	61	280	Money management
Saul, B. Francis II ★	214	Chevy Chase, Md.	58	500	Banking
Scaife, Richard Mellon	194	Shadyside, Pa.	58	625	Inheritance
Scharbauer, Clarence Jr. ☆	272	Midland, Tex.	65	275	Inheritance (oil, land)
Schwan, Marvin Maynard	176	Sioux Falls, S.D.	61	800	Ice cream, pizza
Scripps (E.W.) family	304	Cincinnati origin		1,150	Inheritance (newspapers)
Scripps (J.E.) family	304	Detroit et al		850	Inheritance (newspapers)
Searle family	308	Chicago area		750	Inheritance (G.D. Searle)
Sedwick, Jud ★	260	Butler, Pa.	76	315	Cable TV
Segerstrom family	308	Orange County, Calif.		500	Real estate
Self, James †	314	Greenwood, S.C.	71	250	Textiles, real estate
Sharp, Bayard †	316	Centreville, Del.	77	250	Inheritance (Du Pont Co.)
Sharp, Hugh Rodney Jr.†	316	Wilmington, Del.	80	250	Inheritance (Du Pont Co.)
Sharp, Peter Jay	266	NYC	60	300	Real estate
Shorenstein, Walter Herbert	234	San Francisco	75	380	Real estate
Silliman, Mariana du Pont	240	Montchanin, Del.	79	350	Inheritance (Du Pont Co.)
Silverstein, Larry Abraham ●	313	NYC	59		Real estate
Simmons, Harold Clark	154	Dallas	59	1,300	Investments
Simon, Herbert	200	Indianapolis	55	300	Shopping centers
Simon, Melvin	200	Indianapolis	63	600	Shopping centers
Simon, Norton Winfred ●	313	Los Angeles	83		Industrialist, art
Simon, William Edward	266	New Vernon, N.J.	62	300	Leveraged buyouts
Simplot, John Richard and family	188	Boise, Idaho	81	660	Potatoes
Singleton, Henry Earl	216	Los Angeles	73	500	Teledyne
Skaggs, Leonard Samuel Jr.	230	Salt Lake City	67	415	American Stores Co.
Smart, Richard Palmer Kaleioku	254	Honolulu	77	325	Inheritance, ranching
Smith family	308	Chicago origin		770	Illinois Tool Works
Smith, Charles E.†	314	Washington, D.C.	89	260	Real estate
Smith, Richard Allen	238	Chestnut Hill, Mass.	65	370	General Cinema Corp.
Smith, Robert H.†	314	Washington, D.C.	62	260	Real estate
Solomon, Russell ★	260	Sacramento	65	310	Tower Records
Solow, Sheldon Henry	214	NYC	62	500	Real estate
Sommer, Viola ★	268	Great Neck, N.Y.	60s	300	Inheritance (real estate)
Sorenson, James Levoy	208	Salt Lake City	69	525	Medical devices
Soros, George	172	NYC	60	840	Money manager
Spangler, Clemmie Dixon Jr. ★	272	Charlotte, N.C.	58	280	Investments
Spanos, Alexander Gus	200	Stockton, Calif.	67	600	Real estate
Spelling, Aaron	270	Holmby Hills, Calif.	67	300	Television
Stahl, Stanley Irving	232	NYC	66	400	Real estate
Steinberg, Saul Phillip	254	NYC	51	330	Financier
Stephens, Jackson Thomas	234	Little Rock, Ark.	67	380	Investment banking
Stephens, Wilton Robert	234	Little Rock, Ark.	83	380	Investment banking
Stern, Leonard Norman	150	NYC	52	1,300	Pet supplies
Stroh family	308	Detroit		500	Inheritance (beer)
Stuart family	308	Bellevue, Idaho; Los Angeles		800	Inheritance (Carnation Co.)
Sulzberger family	308	NYC		375	New York Times
Swig family	308	San Francisco		600	Real estate

T

Name	Page	Residence	Age	Worth ($mil)	Primary sources
Taper, Sydney Mark	250	Los Angeles	89	335	First Charter Financial Corp.
Tauber, Laszlo Nandor	208	Potomac, Md.	75	525	Real estate
Taubman, A. Alfred	128	Bloomfield Hills, Mich.	65	2,100	Real estate, art
Taylor family	309	Boston origin		500	Inheritance (publishing)
Taylor, Jack Crawford ★	224	St. Louis	68	435	Auto rental

★New entry. ☆Returnee. ●Dropout. †Near miss.

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Name	Page	Residence	Age	Worth ($mil)	Primary sources
Temple family	309	Diboll, Tex. et al		850	Inheritance (timber)
Terra, Daniel James	238	Chicago	79	365	Lawter International
Thalheimer, Louis	184	Baltimore, Md.	46	350	Inheritance (oil)
Thorne, Oakleigh Blakeman	240	Millbrook, N.Y.	58	360	Commerce Clearing House
Tisch, Laurence Allan	140	NYC	67	1,550	Loews Corp.
Tisch, Preston Robert	140	NYC	64	1,550	Loews Corp.
Tow, Leonard ●	313	New Canaan, Conn.	62		Cable TV
Tramiel, Jack ●	313	Zephyr Cove, Nev.	62		Atari
Trump, Donald ●	313	NYC	44		Real estate
Turner, Robert Edward (Ted) III	154	Roswell, Ga.	51	1,300	Turner Broadcasting System
Tyson, Barbara	204	Fayetteville, Ark.	41	450	Tyson Foods
Tyson, Donald John	204	Springdale, Ark.	60	565	Tyson Foods

U, V

Name	Page	Residence	Age	Worth ($mil)	Primary sources
Ueltschi, Albert Lee	188	Irvine, Tex.	73	655	FlightSafety International
Upjohn family	309	Kalamazoo, Mich.		1,800	Inheritance (Upjohn Co.)
Van Andel, Jay	150	Ada, Mich.	66	1,300	Amway
Van Beuren, Hope Hill	210	Middletown, R.I.	56	470	Inheritance (Campbell Soup)
Van Kampen, Robert ●	313	West Chicago, Ill.	51		Bonds, real estate
Vogel, Jacqueline Mars	132	Bedminster, N.J.	51	1,700	Candy

W

Name	Page	Residence	Age	Worth ($mil)	Primary sources
Wagner, Cyril Jr.	233	Midland, Tex.	56	400	Oil
Walton, Alice L.	124	Rogers, Ark.	41	2,500	Inheritance (Wal-Mart Stores)
Walton, James Lawrence	200	Bentonville, Ark.	68	580	Wal-Mart Stores
Walton, Jim C.	124	Bentonville, Ark.	42	2,500	Inheritance (Wal-Mart Stores)
Walton, John T.	124	San Diego	45	2,500	Inheritance (Wal-Mart Stores)
Walton, S. Robson	124	Bentonville, Ark.	46	2,500	Inheritance (Wal-Mart Stores)
Walton, Sam Moore	124	Bentonville, Ark.	72	2,500	Wal-Mart Stores
Ward, Louis Larrick	208	Kansas City, Mo.	70	545	Russell Stover Candies, Inc.
Washington, Dennis	214	Missoula, Mont.	56	500	Mining, railroads
Wasserman, Lewis Robert ●	313	Beverly Hills, Calif.	77		MCA, Inc.
Watson family	309	Armonk, N.Y. origin		500	International Business Machines
Wattis family	309	Ogden, Utah origin		1,100	Inheritance (Utah International)
Weber, Charlotte Colket	210	Ocala, Fla.	47	500	Inheritance (Campbell Soup)
Wege family	294	Grand Rapids, Mich.		700	Steelcase
Weiler family	310	NYC		570	Real estate
Weinberg, Harry	167	Honolulu	82	950	Real estate
Weis, Robert Freeman	229	Sunbury, Pa.	71	355	Weis Markets, Inc.
Weis, Sigfried	229	Lewisburg, Pa.	74	420	Weis Markets, Inc.
Wexner, Bella	268	Columbus, Ohio	76	300	The Limited, Inc.
Wexner, Leslie Herbert	132	Columbus, Ohio	53	1,800	The Limited, Inc.
Weyerhaeuser family	310	St. Paul; Seattle et al		750	Inheritance (timber)
Whitney, Betsy Cushing Roosevelt	182	Manhasset, N.Y.	82	750	Inheritance
Whittier family	310	Southern Calif.		750	Inheritance (oil)
Williams, Arthur L. Jr. ●	313	Duluth, Ga.	48		Insurance
Wirtz family	310	Chicago		550	Inheritance (real estate)
Wolfe family	310	Columbus, Ohio et al		425	Inheritance (newspapers)
Woodner, Ian	260	NYC	87	310	Real estate, art
Wrigley, William	204	Chicago	57	565	Wrigley's

Y, Z

Name	Page	Residence	Age	Worth ($mil)	Primary sources
Yates family	310	Artesia, N.M.		775	Oil
Zell, Samuel	222	Chicago	49	450	Real estate, investments
Ziff, William Bernard	158	Manalapan, Fla.	60	1,000	Publishing
Zuckerman, Mortimer Benjamin	236	NYC	53	375	Real estate

★New entry. ☆Returnee. ●Dropout. †Near miss.

The Contrarian

MONEY & INVESTMENTS

Political and financial crises make investors sell stocks. This is precisely the wrong reaction. Buy during a panic, don't sell.

CRISIS INVESTING

By David Dreman

With the world seemingly on the brink of war, should you buy now, sell or stay on the sidelines? Although thousands of Wall Street reports have been devoted to every major crisis through the years, no coherent strategy has ever been developed to cope with these recurring but frightening confrontations.

The advice given by experts over time has almost always been a knee-jerk recommendation to sell. After examining the ten major crises of the postwar period, I found that this has been exactly the wrong thing to do in every single case. Analyzing the subsequent market action also makes it clear that there is a definite way to react to a crisis and a very high probability that you can profit, regardless of whether the roots of the crisis are financial, monetary or political.

The accompanying table shows the ten major crises since World War II, ranging from the Berlin blockade in 1948 (when we stood eyeball-to-eyeball with the Soviets on the brink of war) to the crash of 1987 (the worst of the 20th century). Of the ten, five were political; the other five were brought on by economic, investment or financial factors.

Not surprisingly, the market reacted to every crisis with panic. Experts and individual investors alike treated each one as though they had entered an entirely new, alien environment. They seemed to feel that nothing in their past experience provided an answer to cope with the then-current situation. Sell, sell, sell, the savants chorused. Never mind that the market is way down; sell now and at least preserve what's left of your capital.

Appreciating crisis

Performance of the Dow Jones industrial average through ten major postwar crises.

	Market low after crisis	Appreciation 1 year later	Appreciation 2 years later
Berlin blockade	7/19/48	–3.3%	13.2%
Korean War	7/13/50	28.8	39.3
1962 stock market break	6/26/62	32.3	55.1
Cuban missile crisis	10/23/62	33.8	57.3
Kennedy assassination	11/22/63	25.0	33.0
Gulf of Tonkin	8/6/64	7.2	3.1
1969-70 stock market break	5/26/70	43.6	53.9
1973-74 stock market break	12/6/74	42.2	66.5
1979-80 oil crisis	3/27/80	27.9	5.9
1987 crash	10/19/87	22.9	54.3
Average appreciation		26.1	38.2

Source: Dreman Value Management, L.P.

That turns out to have been the worst possible advice.

The table measures the Dow Jones industrial average at the bottom of each crisis, when experts predicted prices could only tumble lower, along with the subsequent performance one and two years later. A glance at the record tells it all. The consistency of results is remarkable. An investor would have made good money one year later in nine of the ten crises, and would have lost in only one, and then a mere 3.3%. The average gain one year later would have been 26.1%, with the gains ranging as high as 43.6% after the 1969-70 break and 33.8% after the Cuban missile crisis.

Holding stocks for two years after a crisis resulted in spectacular returns. A buyer would have made money in all ten crises, with an average two-year gain of over 38%, and appreciation ranging up to 66.5% after the market decline of 1973-74. Granted, no one buys at the bottom, but even if an investor were 10% or 15% off the mark, he would still have made big bucks buying into the crisis.

There is an exception to this record of postpanic bull markets. Anyone who moved into the market after the 1929 crash was obliterated in the early 1930s. But with the major changes in the economic structure since then, a disaster of this magnitude is unlikely. Although gut-wrenching, holding—and even buying—in a political panic is a winning strategy.

Here are some dos and don'ts for today's crisis: First, avoid the flight to safety into oil stocks. When the current crisis is resolved, oil should be in good supply, and oil stocks probably will lag the market. But do look at some companies that have been chopped up badly as a result of the Gulf situation.

Here are a few: *Aluminum Co. of America* (63), P/E 8, yield 2.5%; *Dow Chemical* (42), P/E 6, yield 6.2%; GM (36), P/E 9, yield 8.2%; *Ohio Casualty* (32), P/E 10, yield 7.2%; *C&S/Sovran* (17), P/E 4, yield 9.7%; and *Westinghouse* (31), P/E 9, yield 3.9%. ■

David Dreman is managing director of Dreman Value Management, L.P., Investment Counsel, New York, and author of The New Contrarian Investment Strategy.

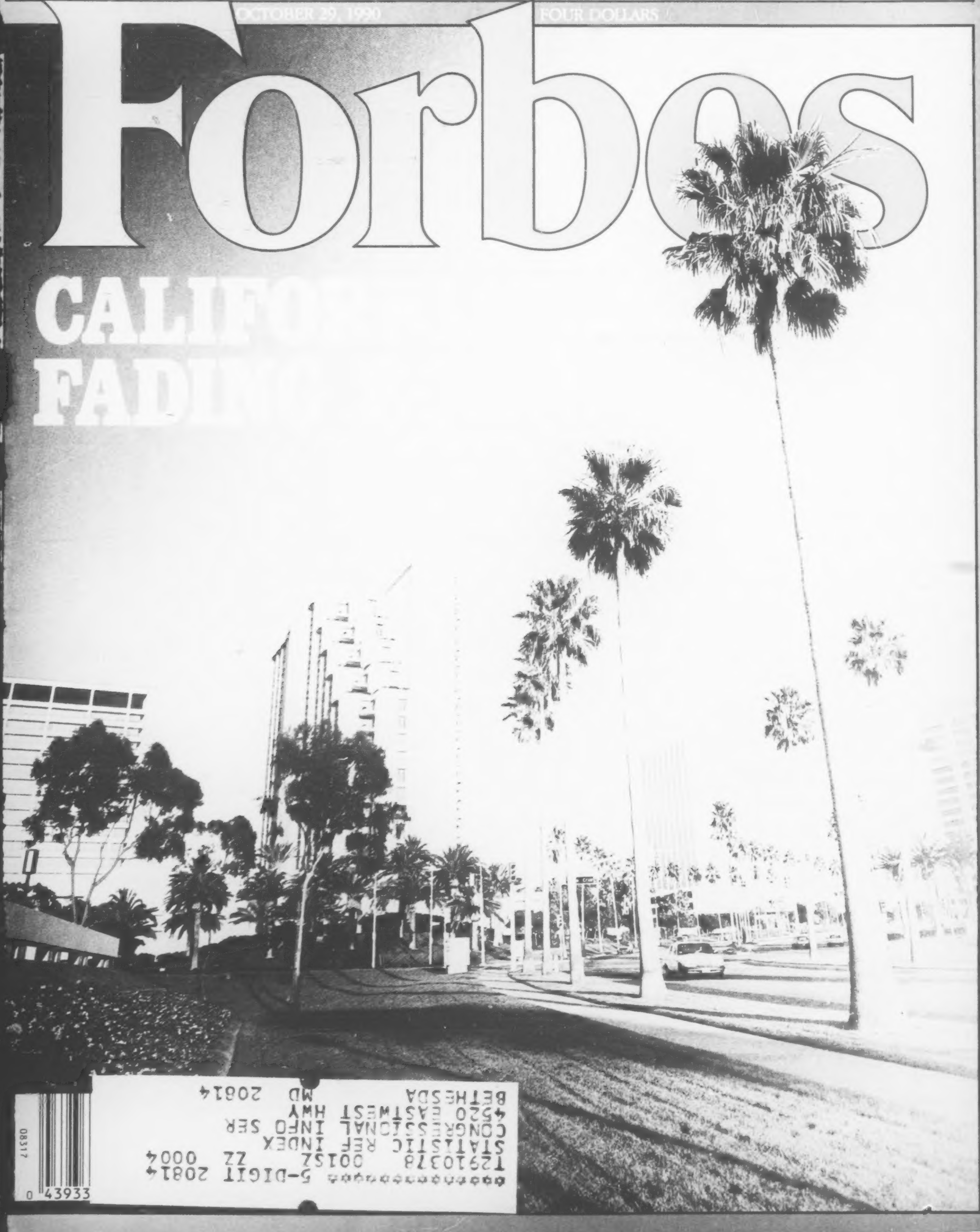
ALCATEL, THE NEW THREAT TO AT&T

RALPH NADER RESPONDS

HOW BELEAGUERED BILL FUGAZY LIVES IT UP

OCTOBER 29, 1990
FOUR DOLLARS

Forbes



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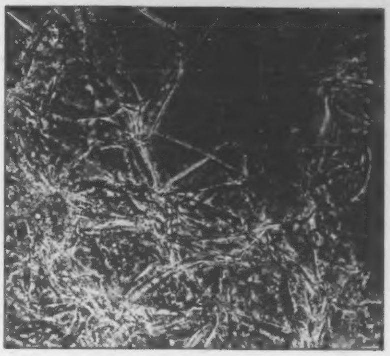

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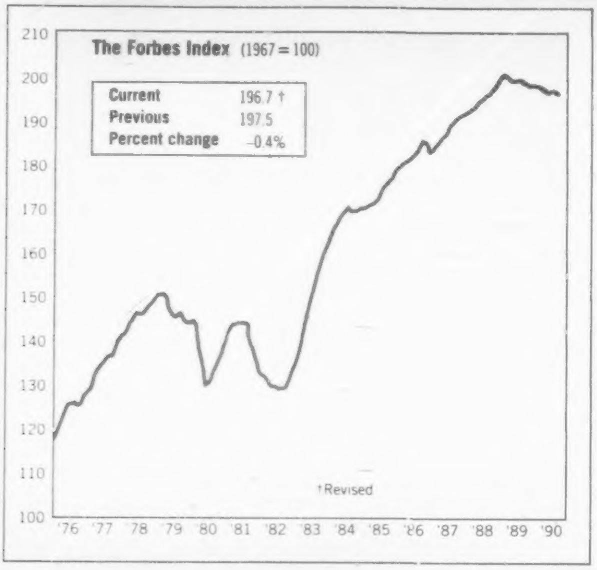
The Forbes Index



Recessionary numbers surface. Manufacturers' new orders fell 0.5% in August, while inventories were unchanged from the previous month. The latest inventory figure actually stands 0.7% lower than it did in January. Personal income grew only slightly from July to August. However, after adjusting for inflation, personal income is down 2.6% from a year ago. Meanwhile, nonfarm payrolls fell for the third consecutive month, as the unemployment rate rose to 5.7% in September. The preliminary Forbes Index for August shows a 0.4% decline.

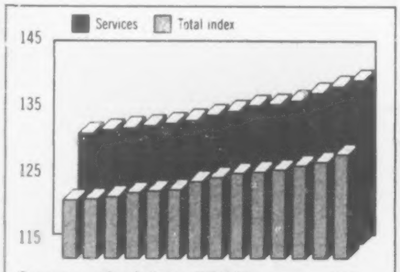
Other key rates	Source	Status
Prime rate	Chase Manhattan Bank	10.0%
Auto sales year to date vs. 1989[1]	Ward's Automotive	−5.4%
Index of leading indicators August vs. July	Dept of Commerce	−1.2%
Trade balance 12 months ended July 1990	Dept of Commerce	−$101 bil
Producer price index August vs. 1989[2]	Dept of Labor	5.1%
GNP 2nd quarter vs. 1st—annualized growth	Dept of Commerce	0.4%
NBER Experimental Recession Probability Index[3]	Natl Bureau of Economic Research	3.0%

[1] U.S.-based manufacturers, excludes imports, as of 9/30/90. [2] Finished goods. [3] August 1990.

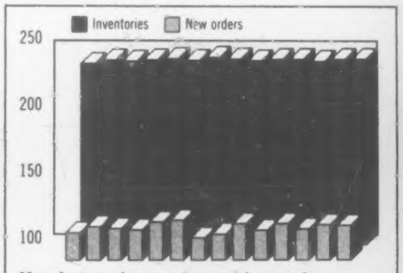
Index Components

The Forbes Index is a measure of U.S. economic activity composed of 8 equally weighted elements. Total industrial production, new claims for unemployment compensation, the cost of services relative to all consumer prices, new housing starts, total retail sales, the level of new orders for durable goods compared with manufacturers' inventories, personal income, total consumer installment credit.

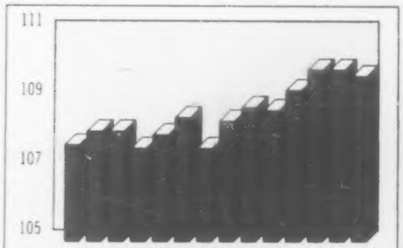
To measure these 8 elements, FORBES monitors 10 series of U.S. government data. The last 14 months' data for each series are presented below.



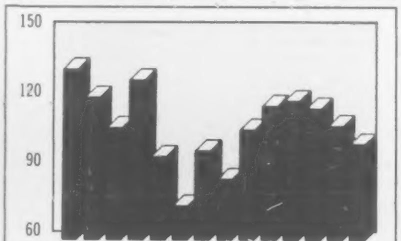
Consumer price indexes (1982-84 average = 100) all urban consumers, unadjusted (Dept. of Labor)



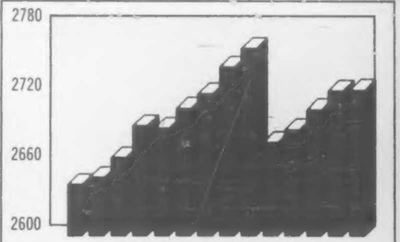
Manufacturers' new orders and inventories ($billions) seasonally adjusted (Dept. of Commerce)



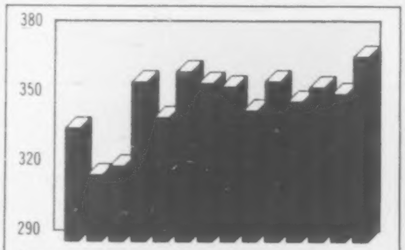
Industrial production index (1987 = 100) seasonally adjusted (Federal Reserve)



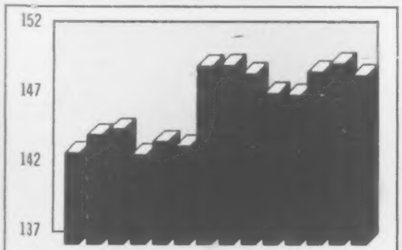
New housing starts (thousands) privately owned, unadjusted (Dept. of Commerce)



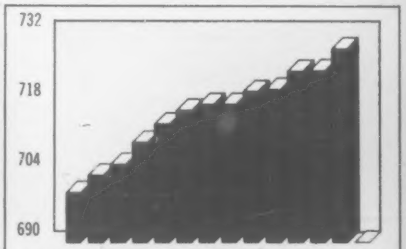
Personal income ($billions) wage and salary disbursements, seasonally adjusted (Dept. of Commerce)



New unemployment claims average for month (thousands) seasonally adjusted (Dept. of Labor)



Retail sales ($billions) seasonally adjusted (Dept. of Commerce)



Consumer installment credit ($billions) total, seasonally adjusted (Federal Reserve)

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1989 1990

J A S O N D J F M A M J J A
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1989 1990

Science & Technology

Edited by Gary Slutsker

Let the rest of the biotech industry seek a cure for cancer. Genencor International is using its biotech skills to turn new blue jeans into worn blue jeans.

Enzyme-eaten jeans

By Seth Lubove

DID YOU EVER WONDER how "stone-washed" jeans get to look worn before they ever are? The old, expensive way is to put them in an industrial washing machine with a bunch of rocks. But it's a fairly laborious process. You have to pay people to pull pebbles out of pockets.

Much more efficient is a technique devised by Genencor International, a biotech firm that used to be part of Genentech. Genencor designed a bacterial enzyme that breaks down cellulose, the molecular building block of cotton and wood. The enzyme munches on cotton fibers, softening them and releasing some of the indigo dye. Which jeans manufacturers are using the denim-eating enzymes? Genencor's customers would rather you didn't know. Bacteria and enzymes aren't always such good selling points.

Solving the problems of stone-washed jeans might not win a Nobel Prize for any of Genencor's 51 Ph.D.s, but that doesn't seem to bother this company. Genencor is one of the five biggest biotech companies in the country, with projected sales this year of $100 million—compared to last year's $70 million—and an established annual growth rate of 25% to 30%. Molecular biology graduates of schools like MIT and Stanford, some with postgraduate degrees, are among its 450 employees.

Yet, in spite of its successes and future promise, Genencor has remained a stepchild in the biotech industry. Genentech didn't want things like denim-eating enzymes to distract it from curing cancer and heart disease. Thus, Genencor was formed in 1982 as a joint venture between Genentech and Corning Inc., which had been trying to develop an in-house biotech division.

But Genentech never did want to have much to do with its industrial sibling, situated over a nearby hill in industrial South San Francisco. So, earlier this year, when Eastman Kodak and Finnish enzyme firm Cultor Ltd. offered to buy them out, Genentech, Corning and a later partner took the money.

Meanwhile, Genencor's scientists have created a nice business for themselves, making specialized enzymes that help companies shave a few cents off their manufacturing processes. Take apple juice. Press a ton of apples, and you end up with 150 gallons of juice and a lot of skin, seeds and core. Genencor engineers came up with bugs that produce enzymes which then turn the pomace into microscopic bits that are usable in juice. The result: Now you can get 208 gallons per ton, a 39% yield improvement.

Solving seemingly mundane problems like these requires real creativity. Genencor researchers specialize in developing enzymes that eat specific protein molecules. Once the scientists isolate and reproduce a new enzyme using genetic and protein engineering techniques, the marketing department goes into action, searching for industrial or food preparation processes that incorporate the protein the enzyme attacks.

For example, Genencor's re-

Biotech leaders

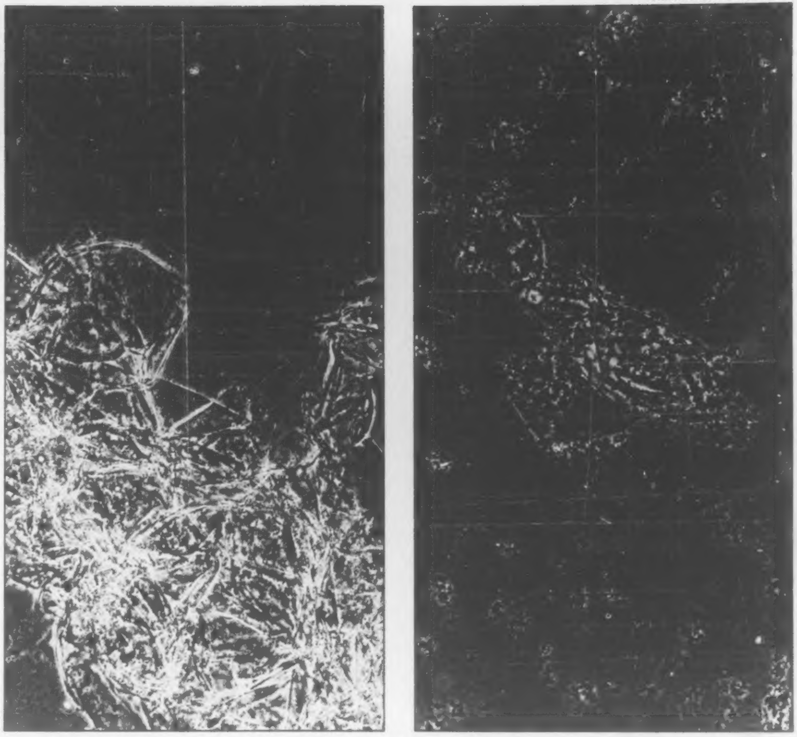
Genencor, though not publicly traded, probably ranks fourth in sales among the biotech firms. Unlike its larger competitors, Genencor specializes in industrial applications.

Company	Sales	Profit	R&D
	($millions)		
Amgen	$152.2	$19.1	$62.5
Biogen	40.9	3.2	NA
Centocor	27.6	0.1	45.4
Cetus	25.2	–49.9	49.4
Chiron	35.5	–21.6	46.1
Genencor Intl*	70.0	NA	25.0
Genentech	400.5	44.0	156.9
Genetics Institute	43.6	–28.7	NA
Genzyme	23.8	–13.0	15.0
Life Technologies	134.2	13.2	11.3

*Company is privately held. NA: Not available.

Photos courtesy Genencor

Ed Kashi



A technician prepares enzymes from a tank (far left): pomace before treatment with enzyme (above) and after (right), magnified 100 times

Squeezing a little more from an apple.

searchers had produced an enzyme that dines on a protein found in grains like wheat and barley. The protein, beta-glucan, is a gummy substance that absorbs and retains water. Genencor's insight was in figuring out how its enzyme could save money for bran muffin bakers. When the enzyme breaks down the beta-glucan molecules, water is released. With less water in the batter, baking times are reduced as much as 20%.

"Oftentimes the baker doesn't even know he has a problem," says John Burr, marketing vice president. "We start calling on wheat starch makers, and tell them we have an enzyme that will probably give them more efficiency in their process."

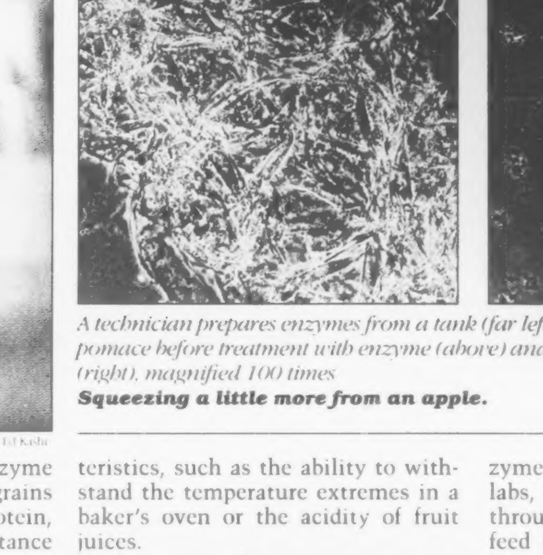
Before genetic engineering, the enzyme business was a matter of turning over rocks and collecting soil samples from odd places, in search of a microbe strain that would produce a useful enzyme. With genetic and protein engineering, enzymes are custom-made. And they can be designed to have special characteristics, such as the ability to withstand the temperature extremes in a baker's oven or the acidity of fruit juices.

You custom design a new enzyme by pinpointing and restructuring the amino acids that give an existing enzyme its character. At Genencor's labs, researchers shoot an X ray through an enzyme molecule, then feed the data into a computer that creates a three-dimensional graphic display. Studying the enzyme, they look for the active amino acids, then simulate the effect of substituting one for another. A DNA sequence, or genetic code, can then be reverse-engineered from the enzyme. When that sequence is inserted into a strain of bacteria, the bacteria produce the desired enzyme. The rejiggered bacteria are mass-produced in Genencor's fermenters.

Some of Genencor's enzymes have turned into very big sellers. In the next few years its enzymes that eat blood and grass stains on clothing could account for as much as $100 million in annual sales to manufacturers of laundry detergent.

"The industrial biotech industry is where the computer chip industry was in 1955," says Robert Leach, Genencor's chief executive officer. "Nobody knows the potential." ■

Ed Kashi



Genencor's Robert Leach

Muffin and blue jean biotechnology.

The Forbes Wall Street Review

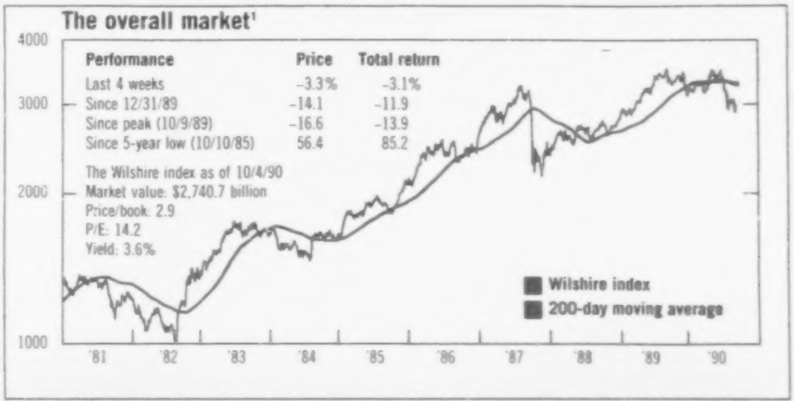
By Eric S. Hardy

Are there any optimists left on Wall Street? Here's one. "I turned positive [the last week of September] after discovering that more than half the investment advisers are bearish. The future direction in oil prices is down, since there's still excess supply," says A.C. Moore, senior vice president at Argus Research in New York. Moore also cites recent technical indicators, including low advance-to-decline ratios and an unusually high number of stocks hitting new lows, as further evidence of an oversold condition.

Nonetheless, Moore recommends a defensive investment strategy. His favorite group is the consumer nondurable sector, particularly food and beverage stocks such as General Mills, PepsiCo and Archer Daniels Midland. He also likes drug stocks such as Johnson & Johnson, Merck & Co. and Bristol Myers-Squibb.

The Wilshire index is up 56% from five years ago, which translates into a 9.4% compounded average annual return. Dividends add another 4% per year. By contrast, riskless five-year Treasurys posted an annual return of 10.1% over the period.

High-technology issues dominate the list of worst-performing stocks during the past two weeks. Storage Technology, Sun Microsystems and Unisys were big losers. September volume on the NYSE fell 19%, the sharpest monthly drop this year, and a bearish technical indicator.



Performance	Price	Total return
Last 4 weeks	–3.3%	–3.1%
Since 12/31/89	–14.1	–11.9
Since peak (10/9/89)	–16.6	–13.9
Since 5-year low (10/10/85)	56.4	85.2

The Wilshire index as of 10/4/90
Market value: $2,740.7 billion
Price/book: 2.9
P/E: 14.2
Yield: 3.6%

The Best Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
MCA	62¾	74%	19	9,389	4.1
Contel Cellular	14	37	NM	707	1.2
Student Loan Marketing	45	16	17	3,270	0.7
Lotus Development	17	15	7	4,085	0.6
Federal Natl Mortage	29	15	7	12,561	1.0

The Worst Performing Stocks

Company	Price	2-week change	P/E	Avg vol (thou)[2]	Rel vol[3]
Unisys	3⅝	–49%	NM	19,718	3.6
Figgie Intl	17½	–34	6	25	0.7
Sun Microsystems	19	–33	16	16,433	1.5
Household Intl	25⅛	–25	4	2,539	2.2
Storage Technology	12	–23	6	3,121	0.9

Closeup on the Market

Index or investment	Price	2-week change
Wilshire index 6,000 stocks, capitalization weighted	2,937.16	–0.5%
Wilshire index 6,000 stocks, equal weighted	17.45	–3.2
Dow Jones industrials 30 stocks, divisor-adjusted price average	2,516.83	–0.1
S&P 500 Capitalization weighted cross section, major stocks	312.69	0.4
NYSE Capitalization weighted, all listed common stocks	171.33	0.1
Amex Capitalization weighted total return: stocks, warrants	308.14	–2.9
Nasdaq Capitalization weighted, all issues except warrants	349.89	–4.0
Amex international market index Capitalization weighted, 50 largest ADRs	297.60	3.7

Index or investment	Price or rate	2-week change
Europe, Australia, New Zealand and Far East[4] (EAFE) a dollar denominated capitalization weighted index	769.70	–0.7%
Institutional[5] Approximately 200 stocks with high institutional ownership	88.71	–3.3
Individual[5] Approximately 200 stocks with low institutional ownership	85.38	–2.5
Russell 2000 index 2000 stocks with small market values, capitalization weighted	127.72	–5.2
Gold[6] (composite quote of 6 major dealers)	$392.70	0.8
Yen[6] (per $U.S.)	133.70	–2.9
Commodity index[6] (CRB futures index, 1967=100)	239.70	1.1
Oil[6] (W Texas intermediate)	$36.95	6.5
T bills[6] (90 days)	7.12%	–25 basis points[7]
Broker loan rate[6]	9.25%	unchanged

Note: All data for periods ending 10/4/90. Wilshire index reflects price performance. It differs slightly from market value of outstanding stocks because of retirements of equity since index was created. Stocks listed above have market capitalizations of $500 million or more. [1] Capitalization weighted, prepared by Wilshire Associates, Santa Monica, Calif. [2] Average daily volume over a 2-week period. [3] Average daily volume over the last 2 weeks, divided by the average daily volume over the preceding 3 months. [4] Morgan Stanley Capital International Perspective. [5] For period ending 10/5/90. A. Arbel, Cornell University, using Ford Database from Ford Investor Services. [6] Knight-Ridder Financial Information. [7] A basis point is equal to one-hundredth of a percentage point. NM: Not meaningful.

New Issues Review

By Robert Balancia

The biggest[1]

Company/business	Exchange	Offer date	Offer price	Recent price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
BJ Svcs/oilfield svcs	N	7/20/90	20	24 ¼	$135	First Boston	21%	139
Banner Aerospace/aerospace	N	7/26/90	14	8 ¾	105	Salomon Brothers	–38	71
Offshore Pipelines/marine construction	N	7/25/90	17	12 ½	49	Prudential-Bache	–26	83
Orthopedic Svcs/rehabilitation svcs	O	7/10/90	16	11 ¼	48	Lehman Brothers	–30	80
Coho Resources/oil & gas exploration	O	7/26/90	13	13 ⅝	46	Salomon Brothers	5	118
Wet Seal/women's apparel	O	7/3/90	14¼	12	43	First Boston	–16	96
Vintage Petroleum/oil & gas exploration	N	8/3/90	10½	9 ⅞	42	Dillon Read	–6	103
Foundation Health/healthcare svcs	A	7/11/90	12½	10 ¾	41	Merrill Lynch	–14	99
Grant Norpac/oil & gas exploration	O	9/19/90	10¼	9 ¾	41	Salomon Brothers	–5	96
Environmental Elements/environ controls	O	7/13/90	16½	14 ¼	41	Kidder Peabody	–14	101

Performance Update

It was good while it lasted. The new issues market came in very strong in the first half, weakened in the third quarter as the market crashed, and may well shrivel in the last quarter of the year.

Securities Data Co. reports that in the first three quarters of 1990 new issues underwriters raised $3.9 billion and put out 110 new issues priced at $2.50 a share or higher and with an offering value of at least $5 million. Those dollar and issue figures are 22% and 55% higher, respectively, than for the first three quarters of 1989.

The energy sector was quite active even before the crisis in the Persian Gulf. Over the last 12 months more than $1 billion was raised, as 17 oilfield service companies went public. Five of those offerings took place last quarter. BJ Services of Houston was the largest new issue during the period; it raised $135 million.

Although investors were dumping many seasoned technology stocks, two of the best-performing new issues last quarter were software issues. Marcam, a Boston developer of processed manufacturing software, was taken public by Hambrecht & Quist and has since climbed 22%. Robertson Stephens underwrote a $13 million offering for Easel, a software developer and wholesaler in Woburn, Mass.; this stock is up 6%.

The best[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
Marcam/software	14	$18	Hambrecht & Quist	22%	129
BJ Svcs/oil & gas svcs	20	135	First Boston	21	139
Pamida Hldgs/retail stores	5	8	Merrill Lynch	20	121
Failure Grp/consulting svcs	13	26	Prudential-Bache	17	122
Easel/software	8	13	Robertson Stephens	6	115

The worst[1]

Company/business	Offer price	Offering ($mil)	Lead underwriter	Performance to date absolute	rel to mkt[2]
In-Store Advertising/billboards	19	$38	Alex Brown & Sons	–81%	22
IKOS Sys/computer sys	6½	20	Alex Brown & Sons	–71	30
O'Charley's/restaurants	9	23	Alex Brown & Sons	–46	61
Banner Aerospace/aerospace	14	105	Salomon Brothers	–38	71
Trimble Navigation/navig equip	10	30	Smith Barney	–33	78

The most active investment bankers[3]

Underwriter	Total offerings	Total raised ($mil)
Goldman Sachs	10	$1,077
Alex Brown & Sons	23	595
First Boston	6	527
Morgan Stanley	9	392
Prudential-Bache	6	376

Industries going public[3]

Industry	Total offerings	Total raised ($mil)
Oil & gas svcs	17	$1,026
Magazine publishing	1	420
Computer systems	9	288
Software	12	244
Insurance	3	210

Notes: Initial public offerings of common equities with offer date of 7/1/90 to 9/30/90, offering price of $2.50 or more and offering value of $5 million or more. Closed-end funds, limited partnerships, and ADS (American Depositary Shares) of corporations already traded in foreign countries are excluded, as are REITs and spinoffs. [1] Last quarter. [2] The ending value of $100 invested in the stock, divided by the ending value of $1 invested in the market. [3] Latest 12 months. Source: Securities Data Co.